

NH 新澤控股有限公司 New Heritage Holdings Ltd.

(於開曼群島註冊成立之有限公司)

(Incorporated in the Cayman Islands with limited liability)

香港聯交所股份代號 HKEx Stock Code: 95

北京 Beijing



蘇州 Suzhou



年報 Annual Report **2007**

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Corporate Information

公司資料

Directors

Executive Directors

Mr. TAOCHAIFU Choofuang (also known as C.F. TAO) (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (also known as TAOCHAIFU Porn) (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-Executive Director

Mr. CHAN Bernard Charnwut

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Audit Committee

Mr. WONG Gary Ka Wai (Chairman)
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Nomination Committee

Mr. CHAN Norman Enrique (Chairman)
Mr. SUN Leland Li Hsun
Mr. TAO Paul

Remuneration Committee

Mr. SUN Leland Li Hsun (Chairman)
Mr. CHAN Norman Enrique
Mr. TAO Richard

Authorised Representatives

Mr. YIM Chun Leung
Ms. CHAN Meily

Company Secretary

Ms. CHAN Meily ACS, ACIS, MBA

Qualified Accountant

Mr. LAU Kam Kwok, Dickson CPA

Auditors

Grant Thornton

董事

執行董事

陶哲甫先生(別名C.F. TAO)(主席)
陶家祈先生(副主席)
陶錫祺先生(別名TAOCHAIFU Porn)(董事總經理)
江淼森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

審核委員會

王家偉先生(主席)
孫立勳先生
陳樂文先生

提名委員會

陳樂文先生(主席)
孫立勳先生
陶錫祺先生

薪酬委員會

孫立勳先生(主席)
陳樂文先生
陶家祈先生

授權代表

嚴振亮先生
陳美莉女士

公司秘書

陳美莉女士 ACS, ACIS, MBA

合資格會計師

劉金國先生 CPA

核數師

均富會計師行

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 2301, 23/F Fortis Bank Tower
77-79 Gloucester Road
Wanchai, Hong Kong

Legal Advisers

Appleby Hunter Bailhache
Grandall Legal Group (Shanghai)
Sidley Austin

Principal Bankers

Bank of China Limited (Suzhou Branch)
Bank of Communications Co., Ltd. Hong Kong Branch
China Construction Bank Corporation (Suzhou Branch)
Chong Hing Bank Limited
Public Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited

Principal Share Registrar and Transfer Office

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

HKEx Stock Code

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Website

www.nh-holdings.com

註冊辦事處

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

總辦事處及香港主要營業地點

香港灣仔
告士打道77-79號
華比富通大廈23樓2301室

法律顧問

Appleby Hunter Bailhache
國浩律師集團(上海)事務所
盛德律師事務所

主要往來銀行

中國銀行股份有限公司(蘇州分行)
交通銀行股份有限公司香港分行
中國建設銀行股份有限公司(蘇州分行)
創興銀行有限公司
大眾銀行(香港)有限公司
渣打銀行(香港)有限公司
東亞銀行有限公司

主要股份過戶登記處

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東28號
金鐘匯中心26樓

香港聯交所股份代號

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網址

www.nh-holdings.com

Chairman's Statement

主席報告

To Our Shareholders

We are pleased to present our 2007 annual report herein.

Despite the worldwide fallout from the sub-prime crisis as well as the highly volatile equity markets towards the last quarter of 2007, the level of interest in investments into China has still not abated. In response to increasing discontented sentiment in the country, the Central Government added further cooling measures which made market entry for newcomers bringing overseas funds into China for investment and speculation on the renminbi all that more difficult if not impossible. Fortunately for us, we have been a player since the early 90's and have therefore established corporate entities in China which can continue to invest in new projects and ventures through existing channels.

In light of the continued remarkable economic growth of China in 2007, and in particular in the prosperous Eastern China region of Shanghai and Jiangsu province, New Heritage has continued to engage in developing and completing its residential projects and adding further to its land bank in the Suzhou metropolitan area. The skill needed was to identify market opportunities which were comparatively less well attended by other developers keen to capitalise on the rising interest in established second-tier cities such as Suzhou.

The Group incorporates total living solutions into the design philosophy of its projects, upgrading our product quality and customer service where it counts. This development strategy has been the cornerstone for the marketability of our Group's products and has enabled us to achieve complete sellout of Phase One of our Wuzhong Garden Court project during the period under review.

Planning of the low-density residential project in the historical Guangfu Town of Wuzhong District, Suzhou has begun in earnestness and will focus on semi-detached townhouses, with a total gross floor area exceeding 92,000 sq.m. upon completion, of modern Chinese style exteriors to match the surrounding environment and spectacular scenery.

In early April 2007, the Group signed a sale & purchase agreement with strategic partner Asia Financial Holdings Limited ("AFH", Hong Kong Stock Exchange Code 662). AFH was interested to acquire a stake in one of our subsidiaries for a consideration of HK\$45.0 million plus provision of an interest-free shareholder's loan of HK\$12.0 million. The deal had the unanimous support of shareholders of the Group at the relevant Extraordinary General Meeting held on 1 June 2007. The disposal of a 9.615% interest held by the Group in New Heritage Development Limited to Onsite Investment Limited, an indirect non-wholly owned subsidiary of AFH, brought to the Group a gain of approximately HK\$23.3 million after the deduction of related expenses. The transaction also resulted in firmer ties between the Group and AFH.

We have been in discussions with AFH and have made progress regarding diversifying investments geographically. In June 2007, the Group subscribed to a US\$5.5 million convertible note in Key Apex Limited ("Key Apex"), which gave us the opportunity to participate in 10% indirect interest in a project in the thriving Jia Ding District in Shanghai, where the Shanghai International Circuit, venue of the first Formula One Grand Prix held in China, is located. Jiading is also the focus city of an eleven year Sino-German project on Mega Region Transport Systems for Shanghai which began in 2005. The ultimate controlling shareholder of Key Apex is an associate of AFH and other shareholders include AFH. The Group will be one of the shareholders of Key Apex upon conversion of the convertible note.

致本公司股東

本集團在此欣然提呈我們二零零七年年報。

儘管全球經濟飽受次按危機影響，以及全球股市在二零零七年最後一季大幅波動，但投資於中國的熱熾程度仍未減退。為回應國內的不安情緒，中央政府已盡可能採取一系列冷卻措施來調高外國資金投資者進入中國經濟系統的門檻，以及打擊人民幣投機炒賣的活動。幸而，由於本集團早於九十年代初已進軍中國市場，因此本集團早已在中國成立企業，並將可繼續透過現有的渠道投資新項目。

鑒於二零零七年中國經濟以驚人速度增長，當中華東地區內以上海及江蘇省等表現尤其突出，新澤持續於區內開發並完成若干住宅項目，並增加在蘇州市的土地儲備。我們的策略是發掘某些其他同業所忽略的商機，特別是近年倡起之二線城市如蘇州。

本集團所開發項目的設計理念向來著重致力打造貼心的居所解決方案，提供超卓的產品質素及客戶服務。這個發展方向正是新澤屋苑廣受買家歡迎，以及蘇州錦悅苑第一期單位於回顧年內迅速售罄的原因。

本集團正計劃在蘇州吳中區具有悠久歷史的光福鎮興建低密度住宅，並已展開有關規劃工作。該項目包括多座半獨立屋，總樓面面積超過92,000平方米。這些房子將為現代中式建築，十分配合周圍環境和獨特景觀。

於二零零七年四月初，本集團與策略夥伴亞洲金融集團(控股)有限公司(「亞洲金融集團」)；香港聯合交易所股份代號：662)簽訂買賣協議。亞洲金融集團以代價45,000,000港元及免息貸款12,000,000港元收購本集團其中一間附屬公司的權益。該交易獲本集團股東於二零零七年六月一日舉行的股東特別大會一致支持。本集團在把新繼發展有限公司的9.615%權益售予亞洲金融集團的間接非全資附屬公司及扣除相關費用後，獲得約23,300,000港元的收益。與此同時，該項交易亦促使新澤與亞洲金融集團之間更緊密的聯繫。

本集團與亞洲金融集團進行商討，並在地區性分散投資方面取得進展。於二零零七年六月，本集團認購了凱亞有限公司(「凱亞」)5,500,000美元的可換股票據，讓新澤有機會參與上海嘉定區一個發展項目的10%間接權益。上海國際賽車場位於上海市嘉定區，是中國首個舉辦一級方程式大賽的場地，嘉定同時是中、德兩國於二零零五年開展合作並需時十一年完成的大上海區域交通系統項目所覆蓋的衛星城市。凱亞之最終控股股東為亞洲金融集團的聯繫人及其他主要股東包括亞洲金融集團。當兌換可換股票據後，本集團將成為凱亞其中一位股東。

Chairman's Statement

主席報告

In July 2007, the Group added to its land bank another approximately 58,400 sq.m. in gross floor area of prime land in the Wuzhong Development Area. The land is designated for commercial/office use.

Then, in October 2007, the Group completed a HK\$235.0 million fundraising exercise through issuing 307,708,550 rights shares at HK\$0.52 per share and HK\$75 million of 5% convertible notes. The rights shares were issued on the basis of three rights shares for every eight existing shares held on 7 September 2007. The convertible notes were subscribed by AFH and its wholly owned subsidiary Asia Insurance Company, Limited.

As when we first identified our initial project site in Wuzhong District, we have taken similar steps of pre-acquisition research and analyses in order to acquire another promising piece of land in Shengze Town, Wujiang in a land auction in November 2007.

Results & Dividends

For the year ended 31 December 2007, New Heritage's revenue and profit attributable to the equity holders of the Group were approximately HK\$184.6 million and HK\$36.1 million respectively. Earnings per share was 4.2 HK cents.

The Directors have recommended payment of a final dividend of 1 HK cent per ordinary share in cash for the year ended 31 December 2007 to shareholders whose names appear on the register of members of the Company on 9 May 2008. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the dividend warrants will be dispatched to shareholders on or around 26 May 2008.

Outlook

With the effective completion and delivery of Phase One of Wuzhong Garden Court at the end of 2007, the success of a new project in a new neighbourhood has underlined our Group's well-earned reputation as a respected and branded residential developer in Suzhou's medium- to high-end residential market. The appealing lifestyle concept realised by the buyers of such property in another emerging Central Business District ("CBD") in Wuzhong District has reaffirmed the dynamic growth of Suzhou's urban homeowners' purchasing power and consumer exposure.

The visionary move on the part of our Board and business development team into Wuzhong District and beyond has produced most encouraging indicators for our next stage of land acquisition and development. However, our excitement is still tempered somewhat by the dampening measures being implemented by the authorities to deal with rampant speculation and developers who have no serious intention of bringing good products to market in a timely manner.

We have great confidence in our business, riding on our proven approach in identifying promising sites and pursuing related acquisitions, our healthy profit margins and ability to deliver outstanding products in untapped districts in Greater Suzhou.

於二零零七年七月，本集團在土地儲備中增加了吳中開發區總樓面面積約58,400平方米的優質地塊，並計劃發展為商用物業／辦公大樓。

其後於二零零七年十月，本集團完成透過以每股0.52港元發行307,708,550股供股股份及總值75,000,000港元5%可換股票據，共集資235,000,000港元。供股股份是以二零零七年九月七日每持有八股現有股份可獲發三股供股股份的比例發行。可換股票據則由亞洲金融集團及其全資附屬公司亞洲保險有限公司共同認購。

與本集團物色到蘇州吳中區首個項目時相同，我們在進行收購另一幅土地之前亦進行研究及分析，並於二零零七年十一月舉辦的土地拍賣會中，成功投得位於吳江區盛澤鎮的理想地塊。

業績及股息

在截至二零零七年十二月三十一日止年度，新澤的營業額及本集團權益持有人應佔溢利分別約為184,600,000港元及36,100,000港元。每股盈利為4.2港仙。

董事會建議派付截至二零零七年十二月三十一日止年度的末期股息每股普通股1港仙，將以現金配發予於二零零八年五月九日在股東名冊上已登記的股東。若股東在即將舉行的股東週年大會通過有關方案，有關股息單將約於二零零八年五月二十六日寄予本公司股東。

展望

蘇州錦悅苑第一期於二零零七年底竣工及完成交付予買家，更突顯新澤在蘇州中高檔住宅物業市場作為優質發展商的美譽及品牌。此項位於吳中區的中心商業區之項目推出後反應踴躍，反映買家對此等符合現代生活概念物業之追求，同時足證蘇州高端物業市場買家的購買力日漸提升。

董事會及本集團之業務拓展隊決定發展吳中地區的真知灼見，正好帶領新澤走上以土地收購及發展為主的正確路向。然而，在推動業務發展之際，針對政府機關為了打擊行業過熱及部分不良發展商而推行的政策，我們亦會謹慎考慮可能帶來的影響。

憑藉新澤物色優質地塊及尋求相關收購的成功策略、穩健的利潤率及在蘇州內尚未開拓之地區提供優良產品的能力，我們對業務發展充滿信心。

Chairman's Statement

主席報告

I wish to express my deepest thanks to our strategic partners Spinnaker Capital Group and AFH for their support, in forms of participation at the Company level as well as direct investment in our projects, giving us added resources and spirit to take our business forward.

Last but not least, my sincere gratitude to my fellow Board members and hardworking staff who all shoulder the heavy responsibilities we have for the challenges and prospects which lie ahead of us.

本人謹此感謝策略夥伴Spinnaker Capital Group及亞洲金融集團透過與本公司的合作及直接投資新澤旗下項目而作出的鼎力支持，此舉將增加本集團的資源和信心，推動業務蒸蒸日上。

最後，本人亦藉此感謝共同勇於承擔重責，並協助新澤克服未來挑戰的董事同寅和努力不懈的員工。

TAOCHAIFU Choofuang (C.F. Tao)

Chairman

Hong Kong, 20 March 2008

主席

陶哲甫

香港，二零零八年三月二十日

Management Discussion & Analysis

管理層討論與分析

Review of Operation

The Group actively engages in property development and property investment businesses in the cities of Suzhou, Shanghai and Beijing, and other cities in Jiangsu Province, the PRC. It is dedicated to providing customers properties of the best value and the highest quality.

“New Heritage” is a highly reputable property developer in the Suzhou real estate market today thanks to the Group’s consistent quality in service and product delivery. The Group will continue such efforts to reinforce its brand in the minds of its customers.

Property Development

The Group enjoys an excellent reputation as a developer of superlative residential properties in Suzhou and Jiangsu Province.

Taking advantage of the positive market sentiment during the year under review, the Group released units in Phase One of Wuzhong Garden Court into the market. Handsome profit margins from the sale of these units enabled the Group to maximise profits. All 201 residential units in Phase One of Wuzhong Garden Court were completely taken up by the market during the year under review. This exemplified the Group’s premium pricing strategy and prudent cost control efforts, factors which contribute to the strong returns from its projects.

Status of Major Projects

1. Wuzhong District Projects in Suzhou

Wuzhong Garden Court



Phase One units of Wuzhong Garden Court were enthusiastically received by the market
錦悅苑一期單位受市場踴躍競購

The project includes residential and commercial properties of gross floor area of 45,500 sq.m. and 16,500 sq.m. respectively. The residential portion consists of nine blocks of apartments of six- to eleven-stories high, a clubhouse and a basement car park. The commercial portion will be tenanted by restaurants and retail shops as well as leased out as offices or operated as serviced apartments.

Construction work of the Phase One residential portion of the project commenced in November 2006 with six apartment blocks completed in late 2007 and the rest of the residential premises scheduled for completion in 2008. The Group had handed over sold units of the Phase One development of gross floor area totaling more than 26,000 sq.m. in the six apartment blocks to buyers in 2007.

業務回顧

本集團專注在蘇州、上海及北京以及中國江蘇省其他城市從事物業發展及投資業務，為客戶提供最物有所值及最具質素的物業項目。

憑藉本集團一直堅持提供高質素之服務及產品，「新澤」現已成為蘇州房地產市場的著名房地產開發商。本集團將繼續努力，進一步打造「新澤」成為客戶心中的信譽品牌。

物業發展

本集團於蘇州及江蘇省為享負盛名的優質房地產發展商。

鑒於回顧年內市況良好，本集團乘勢推售蘇州錦悅苑第一期。推售該等利潤可觀的單位有助提升本集團的利潤。蘇州錦悅苑第一期所有住宅單位(共201個單位)於回顧年內迅即被市場吸納，反映本集團採用最佳定價策略及審慎的成本控制管理奏效，並成功為本集團帶來可觀的回報。

主要項目的發展進度

1. 蘇州吳中區項目

錦悅苑



The Group enjoys an excellent reputation as a developer of superlative residential properties
集團享有超卓住宅物業發展商之美譽

整個項目包括總樓面面積達45,500平方米的住宅物業，以及面積達16,500平方米的商用物業。住宅物業包括九座六至十一層高的樓宇、一個會所及地庫停車場。商用物業則將會出租予餐廳及零售商店與及作出租辦公室或服務式公寓用途。

該項目第一期住宅物業的建築工程於二零零六年十一月展開，並已於二零零七年底完成興建六座公寓，其餘的住宅物業將於二零零八年完成。本集團已於二零零七年將第一期發展分佈於六座大樓的已售單位交付予買家，合共總樓面面積逾26,000平方米。

Management Discussion & Analysis

管理層討論與分析

Anticipating a favourable price trend, particularly in the Wuzhong residential market, we intend to sell and deliver the remaining units of 18,600 sq.m. in Wuzhong Garden Court in 2008.

Regarding the commercial portion, detailed design will be completed shortly for construction work to begin in the 3rd quarter of 2008.

Taihu Garden Court



Modern Chinese style low-density semi-detached townhouses – an idyllic setting in historical Guangfu Town in Suzhou
在蘇州歷史悠久的光福鎮擬建現代中國風格的半獨立式住宅群

Located in the historical Guangfu Town of Wuzhong District on a site of approximately 131,445 sq.m., the project will be one of our prime focuses in the coming one to two years. It comprises low-density semi-detached townhouses of modern Chinese style in perfect match with the natural environment and spectacular scenery of its surroundings.

Designated for residential use, the site will comprise around 400 townhouses of total gross floor area of around 92,000 sq.m.

The design of the project had been completed and construction work will commence in second quarter of 2008.

Proposed Office Development



A high-rise office tower with retail arcade in Wuzhong's up and coming Central Business District
附設零售商場之高層辦公室大樓將矗立於吳中正在高速發展的商業中心區

本集團預期尤其吳中區的住宅市場的價格走勢將持續向好，因此擬於二零零八年推售及交付蘇州錦悅苑餘下合共18,600平方米之物業單位。

商用物業方面，設計詳情將於短期內落實，以便於二零零八年第三季展開建築工程。

錦澤苑(暫名)



Semi-detached townhouses nestled amongst a natural environment and spectacular scenery
半獨立式住宅處身優美的大自然風景區

該項目位於吳中區歷史悠久的光福鎮，地塊面積約131,445平方米，將成為本集團未來二零零八及零九兩年的重點項目之一。這個項目之低密度半獨立式住宅群將採用現代中式設計，與周遭的自然和歷史環境完全融合。

該項目劃作住宅用途，提供約400間半獨立式住宅群，總樓面面積約92,000平方米。

該項目的設計已經落實，建築工程將於二零零八年第二季展開。

辦公室發展計劃項目



Splendid views offered to future occupants of the high-rise office tower
高層辦公大樓未來之用戶將享有如畫景緻

Management Discussion & Analysis

管理層討論與分析

Also located in Wuzhong District, this project is on a site of approximately 14,600 sq.m. The plot ratio allows for the design of a high-rise office tower with a retail arcade making up a gross floor area of around 58,400 sq.m. Construction of the project is expected to commence in late 2008.

2. Wujiang City Project in Suzhou



Future residential site in Shengze Town, Wujiang City, a key silk and textile production centre in China
即將發展的蘇州吳江市盛澤鎮的住宅地塊 — 位於中國主要絲綢及紡織品生產中心區

The Group acquired another piece of land in Shengze Town, Wujiang, Suzhou, Jiangsu Province in November 2007. It is on the east side of the Long Zhong Lake in Shengze Town which is a key silk and textile production centre in China.

The site with an area of around 86,236 sq.m. will be used for residential development with the finished properties having a total gross floor area of up to 155,225 sq.m., of which 2% will be complementary commercial/retail facilities.

Construction of the project is expected to commence in 2009.

Property Investment

SGV Plaza

The Group's property investment SGV Plaza is a two-storey retail arcade with gross floor area of 11,023 sq.m. situated at the centre of The CBD of Suzhou New District. SGV Plaza performed exceptionally well during the year thanks to the dynamic economy, strong consumer confidence and the project's premium market position. SGV Plaza underwent a well-timed renovation and upgrade, resulting in attracting an impressive tenant mix, which allowed the project to bring strong rental income at full occupancy. The consistently strong demand for retail space had kept occupancy rates stable for the property during the period under review.

該項目同樣位於吳中開發區，地塊面積約14,600平方米，地積比率容許將其發展為一幢附設零售商場的高層辦公室大樓，總樓面面積將約為58,400平方米。預期於二零零八年底展開該項目的建築工程。

2. 蘇州吳江項目



Lakeside ambience at the Group's future Wujiang residential project
環繞著本集團吳江住宅項目之湖畔倒影

本集團於二零零七年十一月在江蘇省蘇州吳江區盛澤鎮收購了另一幅土地，盛澤鎮乃中國主要絲綢及紡織品生產中心區，該幅土地位於鎮內優美郎中蕩東側。

該幅面積約86,236平方米之土地將用作發展住宅物業，竣工後總樓面面積將高達155,225平方米，其中2%將為輔助性商業或零售設施。

預期於二零零九年展開該項目的建築工程。

物業投資

錦華商業中心

集團之物業投資項目錦華商業中心為兩層高零售商場，總樓面面積約為11,023平方米，位處於蘇州新區之商業中心區。受惠於經濟騰飛、消費者信心強勁及該項目在高端市場之地位，錦華商業中心於年內表現非常驕人。本集團透過適時的翻新及改善工程，使錦華商業中心成功吸引一批高質素商戶，所有舖位已悉數出租並為集團帶來豐厚的租金收入。由於市場對零售商舖的需求持續強勁，因此其出租率於回顧期內保持穩定。

Management Discussion & Analysis

管理層討論與分析

Garden Court Plaza

Garden Court Plaza is a three-storey commercial centre with a total gross floor area of approximately 4,440 sq.m. in the vicinity of Suzhou Garden Court. In January 2008, occupancy was at 100%.

Suzhou Garden Villa Apartments

To ensure that its residential property portfolio generated maximum returns, the Group continued carefully to monitor market changes, allowing it to meet the ever-changing needs of its tenants and undertake timely adjustment of its leasing strategies. The Group also carried out regular refurbishment and improvement works to retain the appeal of its rental properties and maintain their long-term value.

In January 2008, the Group held a total of 102 apartments in Phases 1, 2 and 3 of Suzhou Garden Villa, and these units are expected to generate a total annual revenue of around RMB8 million.

Suzhou Garden Villa apartments are the favoured choice among tenants within Suzhou because of their good quality interior decoration and furnishings as well as a central heating system which provides greater comfort in the winter months. The occupancy rates have reached almost 80% in February 2008, reflecting the demand in the rental market for such features. Planned refurbishment works were carried out for vacated apartments at the end of their lease terms, in order to upgrade and maximise future leasing revenues.

Investment in an associate (Beijing Landmark Towers Co., Ltd.)



A perfect venue for seminars and banquets in Beijing Landmark Towers' multi-function conference hall
北京亮馬河大廈內之多功能會議廳為舉辦研討會及宴會之首選場地

During the year, Beijing Landmark Towers Co., Ltd. ("BLTCL"), an associate of the Group, contributed a profit of approximately HK\$21.4 million. BLTCL's operational profit comprises rental and operational returns derived from its two office towers, a 4-star hotel, a fully-equipped service apartment block, retail arcade and conference facilities.

During the year, the Group received approximately HK\$18.8 million in cash dividend from BLTCL. The Group sees this as a consistent and stable income source.

The 18% growth in revenue of BLTCL in 2007 as compared with the previous financial year was partly due to more seminars and banquets being held after it completed renovation of a multi-function conference hall in its retail podium and increased food and beverage income.

錦麗商業中心

錦麗商業中心為三層高商業中心，總樓面面積約為4,440平方米，鄰近蘇州錦麗苑。於二零零八年一月，錦麗商業中心出租率達到100%。

蘇州錦華苑公寓

為確保旗下住宅物業組合能夠爭取最佳回報，本集團繼續密切留意市場變化，務求滿足租戶不斷轉變的需求，以及適時調整出租策略。本集團亦定期為現有物業進行翻新及改善工程，以更新其外觀及維持其長遠價值。

於二零零八年一月，本集團持有蘇州錦華苑第一、二及三期共102間公寓單位，預期每年將可帶來總收益約人民幣8,000,000元。

蘇州錦華苑公寓的優美室內裝潢及陳設，加上其中央供暖系統裝置讓住客在寒冬日子倍感舒適，為蘇州當地租客的熱門之選。於二零零八年二月，其出租率接近八成，反映租賃市場對這種特色公寓的需求殷切。本集團計劃於公寓租約期滿後將空置單位進行翻新工程，以提升未來的租金收入。

於聯營公司的投資(北京亮馬河大廈有限公司)



The distinctive skyline of the Group's Beijing property investment
北京蔚藍色天空照耀下本集團之物業投資

年內，本集團的聯營公司北京亮馬河大廈有限公司(「北京亮馬河」)帶來約21,400,000港元的溢利，其中包括源自兩幢辦公樓、一間四星級酒店、一幢設備完善之服務式公寓、零售商場及會議設施之租金及經營回報。

年內，北京亮馬河為本集團帶來約18,800,000港元的現金股息，成為本集團一項持續穩定的收入來源。

北京亮馬河於二零零七年的收益較前一個財政年度增加18%，部份原因是由於其零售商場內之多功能會議廳經翻新後所舉行之研討會及宴會數目增加，帶動餐飲收入有所上升。

Management Discussion & Analysis

管理層討論與分析

The Group expects BLTCL to continue to deliver strong income given it has been appointed as an official agent to accommodate tourists from all over the world drawn to Beijing in the advent of the Beijing Olympic Games. BLTCL is confident to report even higher occupancy and rental rates for both its office towers and hotel.

Other Investments

Shanghai Jia Ding Project

The Directors expect the Convertible Note to be converted in the second quarter of 2008 and accordingly, the Group will have 10% equity interest in this project. The project includes residential properties of gross floor area of approximately 200,000 sq.m. and commercial and residential properties of gross floor area of approximately 50,000 sq.m. Construction is expected to commence in July of 2008.

Nanjing Project

The Group has a 21.6% indirect interest in this project through 36% interest in an associated company namely China Malls Limited, which holds 60% equity interest in a joint venture company. The purpose of the joint venture company is to apply for Master Developer status for an “old commercial street” district in Nanjing’s city centre. Due to unexpectedly increasing austerity measures within the property sector, the project encountered more risks and China Malls Limited had prudently assessed the feasibility as well as risks and benefits of the project.

In view of the fact that conditions have changed for the Nanjing project after the Group became involved, other shareholders of China Malls Limited have decided to direct their respective resources previously identified for this joint venture onto other projects. The Group will consider doing the same, and this decision should not cause any material impact on the Group’s business.

Major Corporate Events

In the first half of 2007, at a total consideration of approximately HK\$84.7 million, Spinnaker Capital Group became a 39.2% equity partner of the Group’s development project in Guangfu Town of Wuzhong District, Suzhou, the PRC.

On 11 April 2007, the Group entered into a sale and purchase agreement with a non-wholly owned subsidiary of AFH in relation to the disposal of 15 shares, or 9.615% equity interest in New Heritage Development Limited, at the share consideration of HK\$45 million and the advancement of an interest-free shareholder’s loan of HK\$12 million.

On 28 May 2007, the Group entered into a convertible note subscription agreement. The convertible note in the principal amount of US\$5.5 million gave the Group access to a 10% equity interest (upon conversion) in a property development project in Jia Ding District of Shanghai. The principal amount of the convertible note will be mandatorily and automatically converted into shares of the project company upon obtaining the land title document, or else principal repayment will be made on the first anniversary of the issue date of the convertible note. The project has a site area and developable gross floor area of approximately 130,982 sq.m. and 250,000 sq.m. respectively.

北京奧運即將舉行，鑒於北京亮馬河已獲委任為大會指定接待來自全球到北京的旅客酒店之一，本集團預期北京亮馬河將繼續帶來豐厚的收入，北京亮馬河旗下的辦公大樓及酒店亦勢將錄得更高的出租率及租金收入。

其他投資

上海嘉定項目

董事會預期可換股票據將可於二零零八年第二季兌換，屆時本集團將持有此項目10%的股本權益。此項目包括總樓面面積約200,000平方米的住宅物業及總樓面面積約50,000平方米的商住物業，預期於二零零八年七月展開建築工程。

南京項目

本集團現透過其持有36%權益之聯營公司——中國商城有限公司持有此項目21.6%的間接權益，中國商城有限公司則持有一間中外合資企業的六成權益。成立該合資企業的目的是為取得南京市中心「舊商業街」區的一級開發商資格。由於在未能預期情況下中央政府向物業市場陸續推出宏觀調控措施，因而令此項目所承受的風險日增，中國商城有限公司一直審慎評估此項目的可行性、風險及利益。

鑒於市況在本集團參與此項目後有所轉變，中國商城有限公司其他股東已決定把各自較早前計劃投入該合資企業的資源轉放於其他項目上。本集團亦有意作出同樣決定，而此項決定應不會對本集團的業務構成任何重大影響。

重要企業事項

於二零零七年上半年，Spinnaker Capital Group以總代價約84,700,000港元的投資額，成為本集團位於中國蘇州吳中區光福鎮一個發展項目的合資夥伴，持有該項目的39.2%權益。

於二零零七年四月十一日，本集團與亞洲金融集團的非全資附屬公司訂立買賣協議，以代價45,000,000港元及12,000,000港元之免息股東貸款，出售新繼發展有限公司15股股份或9.615%股本權益。

於二零零七年五月二十八日，本集團訂立可換股票據認購協議。透過認購本金額為5,500,000美元的可換股票據，本集團因而持有上海嘉定區一項物業發展項目的10%股本權益(兌換股份後)。可換股票據的本金將在相關土地使用權證發出後，強制自動兌換為該項目公司之股份，否則須於可換股票據發行日期起計滿一年之日向本集團償還本金。該項目的地塊面積及可建成的總樓面面積分別約為130,982平方米及250,000平方米。

Management Discussion & Analysis

管理層討論與分析

In the second half of 2007, the Company raised gross proceeds of approximately HK\$235 million by way of a rights issue, wherein 307,708,550 new shares were issued at a subscription price of HK\$0.52 per share, and issuance of convertible notes in an aggregate principal amount of HK\$75 million. The Company will issue 68,181,818 new shares upon exercise of the conversion rights to the convertible notes at the price of HK\$1.10 per new share.

Net assets of the Group was increased to HK\$847.2 million or by 80.6% as at 31 December 2007 as compared with end of 2006.

Financial Review

Overall Performance

In 2007, the Group's total gross floor area of development properties sold and delivered stood at 27,604 sq.m. Gross profit margin was 31% this year as compared to 42% last year. Even though the austerity measures implemented by the Central Government have exerted an impact on the market, our prudent cost management and good risk management allowed the Group to continue to maintain its reasonable profit margin well above 30%. The Group established and maintained a sound financial structure and healthy cash flow. Basic earnings per share was 4.2 HK cents.

Operating Results

During 2007, turnover of the Group was approximately HK\$184.6 million (2006: HK\$208.0 million), it mainly consists of 201 apartments in Wuzhong Garden Court and 6 apartments in Suzhou Garden Towers which generated revenues of approximately HK\$165.1 million and HK\$8.9 million respectively.

There was a slight decrease in turnover as the 2007 turnover only represented Phase One of Wuzhong Garden Court and some of the remaining units of Suzhou Garden Towers.

Due to prevailing positive market conditions and effective cost control measures, the Group still managed to achieve a gross profit margin of 31% (2006: 42%).

In 2007, the profit attributable to the equity holders of the Company was approximately HK\$36.1 million (2006: HK\$73.3 million).

Liquidity, Financial Resources and Gearing

Since there is on going competition of property development in China, we have to further strengthen our financial resources to cope with future expansion. Apart from fundraising exercises such as rights issue and issuance of convertible notes, additional banking facilities were obtained during 2007 and our intention is to continue to obtain more facilities for our future projects. As a result, the gearing ratio will be increased but still within the safety level of below 50%.

Cash and cash equivalents as at 31 December 2007 amounted to approximately HK\$175.7 million (2006: HK\$132.1 million).

The Group had total borrowings of approximately HK\$299.3 million as at 31 December 2007 (2006: HK\$45.3 million). The borrowings to be repayable within one year were approximately HK\$113.7 million (2006: HK\$25.3 million), and the Group's gearing ratio as at 31 December 2007 was 28.5% (2006: 9.8%), which was calculated based on interest bearing borrowings to total shareholders' funds.

於二零零七年下半年，本集團透過供股及發行可換股票據籌集資金約235,000,000港元，其中307,708,550股新股按認購價每股0.52港元發行，並發行總本金額達75,000,000港元的可換股票據。當行使可換股票據的兌換權後，本集團將按每股新股1.10港元的價格發行68,181,818股新股。

於二零零七年十二月三十一日，集團之淨資產與二零零六年底相比增加80.6%至847,200,000港元。

財務回顧

整體表現

於二零零七年，本集團已出售及已交付的發展物業總樓面面積為27,604平方米。本年度之毛利率為31%而去年則為42%。雖然中央政府實施的宏觀調控政策為市場帶來影響，然而集團採納審慎成本管理及良好風險管理的措施，讓我們成功將毛利率保持在高於30%的合理水平。本集團建立及維持良好的財務架構及穩健的現金流量。每股基本盈利為4.2港仙。

經營業績

於二零零七年期間，本集團的營業額約為184,600,000港元（二零零六年：208,000,000港元），其中包括錦悅苑201間公寓單位及錦昌苑6間公寓單位，分別產生收入約為165,100,000港元及8,900,000港元。

營業額稍微下降原因由於二零零七年之營業額只包含錦悅苑第一期及錦昌苑剩餘之部分單位。

由於當前良好市況及採取有效的成本控制措施，本集團得以實現31%的毛利率（二零零六年：42%）。

於二零零七年，本公司權益持有人應佔純利約為36,100,000港元（二零零六年：73,300,000港元）。

流動資金、財務資源及資本負債比率

由於中國房地產市場競爭激烈，公司必須進一步強化財務資源，以應付未來擴張所需。除供股及發行可換股票據之集資活動外，公司於二零零七年內更取得額外銀行融資，並打算繼續為未來項目物色更多融資機會。故此，資本負債比率將上升但仍維持低於50%之合理水平。

於二零零七年十二月三十一日，現金及現金等價物約為175,700,000港元（二零零六年：132,100,000港元）。

於二零零七年十二月三十一日，本集團的借貸總額約為299,300,000港元（二零零六年：45,300,000港元）。須於一年內償還的借貸約為113,700,000港元（二零零六年：25,300,000港元），而本集團於二零零七年十二月三十一日的資本負債比率（按付息借貸除以股東資金總額計算）為28.5%（二零零六年：9.8%）。

Management Discussion & Analysis

管理層討論與分析

As at 31 December 2007, the Group had current assets of approximately HK\$849.9 million (2006: HK\$269.5 million) and current liabilities of approximately HK\$194.8 million (2006: HK\$86.2 million). The Group had total assets of approximately HK\$1,329.6 million and total liabilities of approximately HK\$482.5 million, representing a debt ratio (total liabilities over total assets) of 36.3% as at 31 December 2007 (2006: 22.1%).

Management is confident that when opportunities of land bank acquisition arise in future and require additional funding, the Group will be able to utilise its internal reserves and debt financing to satisfy necessary funding requirements. In view of the current gearing level, management also believes that the Group is in a good position to obtain debt financing on favourable terms.

Charge on Assets

As at 31 December 2007, bank loans of approximately HK\$145.6 million were secured by the Group's bank deposits, investment properties and leasehold interests in land included in properties held under development of approximately HK\$54.6 million, HK\$129.5 million and HK\$42.5 million respectively.

Exposure to Fluctuations in Exchange Rates and related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the year, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2007.

Contingent Liabilities

As at 31 December 2007, the Group had no material contingent liabilities.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2007, the Group had a staff roster of 112, of which 85 employees were based in the China mainland and 27 employees in Hong Kong. The remuneration of employees was in line with market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and share options. Total staff costs incurred in 2007 was approximately HK\$36.4 million.

於二零零七年十二月三十一日，本集團擁有流動資產約849,900,000港元(二零零六年：269,500,000港元)及流動負債約194,800,000港元(二零零六年：86,200,000港元)。本集團的總資產及總負債分別約為1,329,600,000港元及482,500,000港元，即於二零零七年十二月三十一日的負債比率(總負債除以總資產)為36.3%(二零零六年：22.1%)。

管理層深信，如果日後有收購土地儲備的機會出現，而本集團需要額外資金，本集團能夠利用內部資源及債務融資滿足必要的資金需求。基於目前資本負債比率水平，管理層亦相信本集團具備優勢有利於獲得更佳之融資條款。

對資產的抵押

於二零零七年十二月三十一日，銀行貸款約145,600,000港元分別由本集團約54,600,000港元、129,500,000港元及42,500,000港元的若干銀行存款，投資物業及發展中物業包括土地租賃權益作為抵押。

匯率波動風險及有關對沖

本集團的貨幣資產、貸款和交易主要以港元、美元及人民幣計值。年內，港元與美元的匯率並沒有重大波動。人民幣的幣值升值對本集團的純利有正面貢獻。本集團並沒有參與任何衍生工具活動，於二零零七年亦沒有使用任何金融工具以對沖資產負債表的風險。

或然負債

於二零零七年十二月三十一日，本集團沒有重大的或然負債。

財資政策及資本結構

本集團就其財資政策及資本結構取態審慎，並專注於風險管理及與本集團的相關業務有直接關係的交易。

僱員

於二零零七年十二月三十一日，本集團擁有112名員工。其中85名員工長駐中國內地，香港則僱有27名員工。僱員的薪酬與市場趨勢一致，可與業內的薪酬水平相比。本集團僱員的薪酬包括基本薪金、花紅及購股權。於二零零七年，員工成本總額約36,400,000港元。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Executive Directors

Mr. TAOCHAIFU Choofuang (also known as C.F. TAO), 85, is an Executive Director, Chairman of the Company and a founder of the Group. He is responsible for determining the overall business strategies of the Group. He graduated from Nanjing University 南京大學 with a Bachelor of Science degree in mechanical engineering. Mr. Taochaifu had played a significant role in property investment and property development activities in the PRC since 1978. One of the most important PRC projects that Mr. Taochaifu participated in was the development of Nanjing Jinling Hotel (南京金陵飯店) in Nanjing, one of the earliest 5-star hotels built in the PRC following the “opening up” of the PRC to the outside world in 1978. He was appointed as a director of New Heritage Investments Limited (“NH Investments”) in 1984. He was involved in establishing and supervising 北京亮馬河大廈有限公司 (Beijing Landmark Towers Co., Ltd.) (“BLTCL”), the joint venture with Beijing Tourism Administration to develop the Beijing Landmark Towers complex. Mr. Taochaifu is the deputy chairman and an executive director of BLTCL. He was appointed as a director of New Heritage Development Limited (“NH Development”) in 1991. From 1991 onwards, he was responsible for forming 蘇州錦華苑建設發展管理有限公司 (Suzhou Garden Villa Development and Management Co., Ltd.) (“SGVDM”) and supervising the overall development of Suzhou Garden Villa and Suzhou Garden Court. He is also the chairman of SGVDM. Mr. Taochaifu was accredited as an Honorary Citizen by the municipal government of Suzhou in 1995. He was also a former independent non-executive director of Jiangsu Expressway Company Limited, a company listed on the Main Board. Mr. Taochaifu is the Honorary President of Hong Kong Federation of Overseas Chinese Associations Limited. He was granted the “World Outstanding Chinese” award in 2008. He was also awarded an Honorary Doctor Degree from The University of West Alabama in 2008. Mr. Taochaifu was appointed as an executive director of the Company on 23 December 2004 and is the father of Mr. TAO Richard and Mr. TAO Paul.

Mr. TAO Richard, 46, is an Executive Director and Vice Chairman of the Company. He is responsible for the strategic planning and corporate development of the Group. Mr. Tao has a Bachelor of Science (First Class Honours) from the University of Newcastle Upon Tyne, and two Masters Degrees from the Massachusetts Institute of Technology. He was appointed as a director of NH Development, NH Investments and SGVDM in 2000, 2001 and 2004 respectively. He was appointed as an executive director of the Company on 23 December 2004. In 28 November 2006, he was appointed as a non-executive director to Japan Opportunities Fund II Limited, a closed-end Japan property fund listed on the Channel Islands Stock Exchange (CISX Code: JOB). He is a son of Mr. TAOCHAIFU Choofuang and the brother of Mr. TAO Paul.

Mr. TAO Paul (also known as TAOCHAIFU Porn), 40, is the Managing Director of the Company. He graduated from the University of Cambridge, England with a Master of Arts degree. He also holds a Master of Science degree in Real Estate from the University of Greenwich, England and participated in the Program for Management Development at the Graduate School of Business Administration, Harvard University, USA. Mr. Tao has been actively involved in property development and investment in the PRC for over 10 years since joining the Group. Mr. Tao was initially responsible for the sales and marketing activities for the projects in Suzhou, and latterly in general management. He is a member of The 12th Committee of Suzhou City, Jiangsu Province Chinese People's Political Consultative Conference 中國人民政治協商會議江蘇省蘇州市第十二屆委員會委員。Mr. Tao is also a qualified solicitor in Hong Kong. He was appointed as a director of NH Development, SGVDM and NH Investments in 1997, 1999 and 2001 respectively. Mr. Tao was also appointed as a director of BLTCL in 2006. He was appointed as an executive director of the Company on 23 December 2004. He is a son of Mr. TAOCHAIFU Choofuang and the brother of Mr. TAO Richard.

執行董事

陶哲甫先生 (別名C.F. TAO)，現年85歲，本公司執行董事兼主席，為本集團創辦人，負責釐定本集團的整體業務策略。彼畢業於南京大學，取得機械工程學士學位。自一九七八年以來，陶先生一直在中國物業投資及物業發展業務上舉足輕重。南京市南京金陵飯店（為於一九七八年中國對外「開放」後中國最早期的五星級酒店項目之一）為陶先生曾參與的最重要中國項目之一。一九八四年，彼獲委任為新繼企業有限公司（「新繼企業」）董事，參與成立與北京市旅遊管理局合組的合營企業北京亮馬河大廈有限公司（「北京亮馬河」），並負責監督工作，以發展北京亮馬河綜合項目。陶先生現為北京亮馬河副主席兼執行董事。一九九一年，彼獲委任為新繼發展有限公司（「新繼發展」）董事，自一九九一年起，負責成立蘇州錦華苑建設發展管理有限公司（「錦華苑建設」）及監督錦華苑及錦麗苑的整體發展。此外，彼亦兼任錦華苑建設主席。一九九五年，陶先生獲蘇州市市政府加許為榮譽市民。彼亦為江蘇寧滬高速公路股份有限公司（一間於聯交所主板上市的公司）前獨立非執行董事。陶先生現為香港僑界社團聯合會之名譽會長。於二零零八年，彼榮獲二零零八年度世界傑出華人獎，同時亦榮獲美國西阿拉巴馬州立大學榮譽博士學位。二零零四年十二月二十三日，陶先生獲委任為本公司執行董事。彼乃陶家祈先生及陶錫祺先生的父親。

陶家祈先生，現年46歲，本公司執行董事兼副主席。彼負責本集團的策略規劃及企業發展。陶先生於紐卡索大學取得（一級榮譽）理學士學位，以及於美國麻省理工學院取得兩個碩士學位。彼分別於二零零零年、二零零一年及二零零四年獲委任為新繼發展、新繼企業及錦華苑建設的董事。二零零四年十二月二十三日，彼獲委任為本公司執行董事。於二零零六年十一月二十八日，彼獲委任為Japan Opportunities Fund II Limited，於海峽群島交易所上市之封閉式日本房地產基金（海峽群島交易所上市編號：JOB），的非執行董事。彼乃陶哲甫先生的兒子及陶錫祺先生的胞兄。

陶錫祺先生 (別名TAOCHAIFU Porn)，現年40歲，本公司董事總經理。彼畢業於英國劍橋大學，取得文學碩士學位。彼亦持有英國格林威治大學房地產理科學士學位，曾參加美國哈佛大學工商管理研究院開辦的管理發展課程。陶先生自十年前加盟本集團以來，一直積極於中國從事物業發展及投資業務。陶先生初期負責本集團蘇州市各項目所有營銷及市場推廣活動，其後負責整體管理。彼現為中國人民政治協商會議江蘇省蘇州市第十二屆委員會委員。陶先生亦為香港合資格律師。一九九七年、一九九九年及二零零一年，彼分別獲委任為新繼發展、錦華苑建設及新繼企業的董事。二零零六年，彼亦獲委任為北京亮馬河董事。二零零四年十二月二十三日，彼獲委任為本公司執行董事。彼乃陶哲甫先生的兒子及陶家祈先生的胞弟。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Mr. KONG Mui Sum Lawrence, 59, is an Executive Director of the Company. He graduated in 1970 from the University of Hong Kong with a Bachelor of Social Sciences degree with honours majoring in Economics and Accounting. He is a fellow of the Institute of Chartered Shipbrokers, being qualified in 1977. He joined Ocean Shipping & Enterprises Limited in 1970 and has over 20 years of senior management experience. He joined the Group's associated companies in November 1999 and has been actively involved in the business planning and development of the Group's business in PRC, including but not limited to contract negotiations with third party professionals and contractors as well as project management. He was appointed as an executive director of the Company on 23 December 2004.

Mr. YIM Chun Leung, 46, is an Executive Director of the Company. Mr. Yim is a fellow member of The Chartered Association of Certified Accountants, a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Yim has more than 23 years' experience in auditing, accounting and finance fields. Since 1994, Mr. Yim had worked for several listed companies as director or engaged in senior management position, including Tysan Holdings Limited and Sinolink Worldwide Holdings Limited as finance director and chief financial officer respectively. Mr. Yim was appointed as an executive director of the Company on 23 December 2004 and is responsible for corporate finance matters of the Group.

Non-Executive Director

Mr. CHAN Bernard Charnwut, 43, is a Non-Executive Director of the Company. Mr. Chan is a Deputy to the Chinese National People's Congress, a non-official member of the Executive Council and a member of the Legislative Council of Hong Kong. Mr. Chan is a graduate of Pomona College in California, USA. He holds the positions of President of Asia Financial Holdings Ltd., a company listed on the Main Board, and Asia Insurance Company, Limited. Mr. Chan serves as the Deputy Chairman of the Lingnan University. He is also a member of the Insurance Advisory Committee, the Antiquities Advisory Board and the Greater Pearl River Delta Business Council. In addition, Mr. Chan also serves as the Advisor of Bangkok Bank Public Company Limited, Hong Kong Branch, the Chairman of the Hong Kong-Thailand Business Council and the Chairperson of The Hong Kong Council of Social Service. He was appointed as a non-executive director of the Company on 14 November 2005.

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai, 46, is an Independent Non-Executive Director of the Company. Mr. Wong graduated from The University of British Columbia with a Master Degree of Business Administration in Finance and Management Information Systems, and a Degree of Bachelor of Applied Science in Electrical Engineering. He is a member of the Association of Certified General Accountants' Association of Canada. Mr. Wong has been working for a number of international financial institutions and has numerous experiences in the banking industry. Currently, he is a manager in Standard Chartered Bank (Hong Kong) Limited in Hong Kong. He has internal controls and financial reporting experience. Mr. Wong was appointed as an independent non-executive director of the Company on 14 November 2005.

江淼森先生，現年59歲，本公司執行董事。彼於一九七零年畢業於香港大學，取得社會科學榮譽學士學位，主修經濟及會計學。彼現為船務經紀專業學會資深會員，於一九七七年已取得專業資格。彼於一九七零年加盟海德船務航運企業有限公司，已積逾二十年任職高級管理人員經驗。彼於一九九九年十一月加盟本集團多間聯營公司，並一直積極於中國從事本集團的業務策劃及業務發展，包括惟不限於與第三方專業人士及承建商就合約進行磋商，以及項目管理。二零零四年十二月二十三日，彼獲委任為本公司執行董事。

嚴振亮先生，現年46歲，本公司執行董事。嚴先生為特許公認會計師公會資深會員，香港會計師公會執業會計師及英國格蘭及威爾斯許會計師公會會員。嚴先生在核數、會計及財務方面已積逾二十三年經驗。自一九九四年以來，嚴先生曾任職多家上市公司董事或高級管理層要職，包括分別曾為泰昇集團控股有限公司及百仕達控股有限公司之財務董事及首席財務官。二零零四年十二月二十三日，嚴先生獲委任為本公司執行董事，負責本集團的企業融資事務。

非執行董事

陳智思先生，現年43歲，本公司非執行董事。陳先生現為全國人民代表大會代表、香港行政會議非官方委員及立法會成員。陳先生畢業於美國加州Pomona College。彼現任亞洲金融集團(控股)有限公司(一間於主板上市的公司)及亞洲保險有限公司的總裁職位。陳先生擔任嶺南大學校董會副主席。彼亦為保險業諮詢委員會委員、古物諮詢委員會委員及大珠三角商務委員會委員。此外，陳先生亦擔任泰國盤谷銀行香港分行之顧問、港泰商會主席，以及香港社會服務聯會主席。二零零五年十一月十四日，彼獲委任為本公司非執行董事。

獨立非執行董事

王家偉先生，現年46歲，本公司獨立非執行董事。王先生畢業於卑詩省大學，取得金融及管理資訊系統系工商管理碩士以及電子工程系應用科學學士學位。彼為加拿大註冊會計師協會會員。王先生任職於多家國際金融機構，並在銀行業積累廣泛經驗。目前，彼於渣打銀行(香港)有限公司任職經理，彼具有內部監控及財務申報的經驗。二零零五年十一月十四日，王先生獲委任為本公司獨立非執行董事。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Mr. SUN Leland Li Hsun, 46, is an Independent Non-Executive Director of the Company. Mr. Sun graduated from the University of California, Los Angeles with a Master Degree of Business Administration in 1986. Mr. Sun is the Chief Executive Officer and a founder of Pan Asian Mortgage Company Limited, a mortgage securitization conduit. Mr. Sun has over 20 years of secondary mortgage market experience in Asia and the United States, directly involved in the structuring, trading and distribution of mortgage-backed securities globally. In 1997, Mr. Sun was appointed by the Financial Secretary of the Hong Kong SAR government as the first Chief Operating Officer of The Hong Kong Mortgage Corporation and was entrusted with managing this 100% government-owned company. Previously, Mr. Sun was an Executive Director in the Fixed Income International Sales Department of GS (Asia) Securities Limited and was employed by Goldman Sachs from July 1986 to October 1994. He was also a Senior Managing Director of the Emerging Markets Fixed Income Sales Department with Bear Stearns Asia Limited from October 1994 to February 1996. He was appointed as an independent non-executive director of the Company on 14 November 2005.

Mr. CHAN Norman Enrique, 47, is an Independent Non-Executive Director of the Company. He was an Adjunct Assistant Professor of the Chinese University of Hong Kong from September 2001 to January 2002. He has experience in architectural design. Currently, he is a director of BTR Workshop Limited, an architectural and design company based in Hong Kong. He was appointed as an independent non-executive director of the Company on 14 November 2005.

孫立勳先生，現年46歲，本公司獨立非執行董事。孫先生在一九八六年畢業於加州大學洛杉磯分校，取得工商管理系碩士學位。孫先生乃宏亞按揭證券有限公司（一間按揭證券化公司）的行政總裁兼創辦人。孫先生於亞洲及美國第二按揭市場已積逾二十年經驗，直接參與環球按揭證券的架構設計、交易及分銷工作。一九九七年，孫先生獲香港特區政府財政司司長委任為香港按揭證券有限公司首位行政總監，負責營運成立這間政府全資擁有的公司。過去，孫先生於一九八六年七月至一九九四年十月期間，獲高盛僱用，並在GS (Asia) Securities Limited的Fixed Income International Sales Department出任執行董事。一九九四年十月至一九九六年二月期間，彼在貝爾斯登亞洲有限公司的Emerging Markets Fixed Income Sales Department出任高級董事總經理。二零零五年十一月十四日，彼獲委任為本公司獨立非執行董事。

陳樂文先生，現年47歲，本公司獨立非執行董事。彼於二零零一年九月至二零零二年一月期間曾任香港中文大學兼任助理教授，擁有建築設計方面經驗。目前，彼為香港一間建築設計公司BTR Workshop Limited的董事。二零零五年十一月十四日，彼獲委任為本公司獨立非執行董事。

Directors' Report

董事會報告

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2007.

Principal Activities

The Group is principally engaged in property development and property investment businesses in the PRC.

Results and Dividend

The results of the Group for the year ended 31 December 2007 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 36 to 110.

The Directors have recommended the payment of a final dividend of 1 HK cent per share for the year ended 31 December 2007.

Convertible Notes and Share Capital

Details of the movements in the Company's convertible notes and share capital during the year are set out in notes 26 and 27 to the financial statements respectively.

Reserves

Details of the movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2007, the Company's reserves available for distribution, amounted to approximately HK\$22.6 million, of which approximately HK\$11.3 million has been proposed as a final dividend for the year.

Donations

During the year, the Group made charitable donations amounting to HK\$218,000.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

Principal Properties

Details of the principal properties for investment purposes and under development are set out on pages 112 to 116.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

董事欣然提呈其年報連同截至二零零七年十二月三十一日止年度之經審核財務報表。

主要業務

本集團主要在中國從事物業發展及物業投資業務。

業績及股息

本集團截至二零零七年十二月三十一日止年度的業績及本公司於該日的業務狀況載於第36至110頁的財務報表。

董事會建議派付截至二零零七年十二月三十一日止年度的末期股息每股1港仙。

可換股票據及股本

本公司於年內之可換股票據及股本的變動詳情分別載於財務報表附註26及27。

儲備

本公司及本集團之儲備於年內之變動情況分別載於財務報表附註29及綜合權益變動表。

可供分派儲備

於二零零七年十二月三十一日，本公司之可供分派儲備達約22,600,000港元，其中約11,300,000港元已作末期股息宣派。

捐款

本集團於年內作出的慈善捐款為218,000港元。

物業、廠房及設備

本集團之物業、廠房及設備的變動詳情載於財務報表附註13。

主要物業

作投資用途的主要物業及發展中物業之詳情載於第112至116頁。

優先購買權

本公司的組織章程細則或開曼群島法例並無有關優先購買權的條文，規定本公司須按比例向現有股東發售新股份。

Directors' Report

董事會報告

Group Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 111.

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its shares during the year. Other than the issue of 414,746,467 shares (including 14,270,364 shares issued as scrip dividend) by the Company during the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors

The directors of the Company during the year were as follows:

Executive Directors

Mr. TAOCHAIFU Choofuang (also known as C.F. TAO) (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (also known as TAOCHAIFU Porn) (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-Executive Director

Mr. CHAN Bernard Charnwut

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

In accordance with the Company's articles of association, Mr. CHAN Bernard Charnwut, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers such Directors to be independent.

Biographical Details of Directors and Senior Management

Biographical details of Directors and senior management are set out on pages 14 to 16.

Directors' Service Contracts

The former service contracts entered into by the Company and each executive director were expired on 30 November 2007. On 7 September 2007, each of the executive directors of the Company has entered into a service contract with the Company for a term of two years commencing on 1 December 2007 and is subject to termination by the executive director giving not less than 3 months' written notice or by payment in lieu of such notice. The Company may immediately terminate the service contract without any compensation to the executive director under certain conditions, as set out in the service contracts.

集團財務概要

本集團過去五個財政年度之業績以及資產及負債概要載於第111頁。

購回、出售或贖回上市證券

本公司於本年內並無贖回本公司任何股份，除本公司於本年內發行414,746,467股股份(包括14,270,364股就以股代息而發行之股份)外，本公司及其附屬公司於本年內並無買入或出售本公司任何股份。

董事

年內任職的董事如下：

執行董事

陶哲甫先生(別名C.F. TAO)(主席)
陶家祈先生(副主席)
陶錫祺先生(別名TAOCHAIFU Porn)(董事總經理)
江焱森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

根據本公司之組織章程細則，陳智思先生、孫立勳先生及陳樂文先生將於應屆股東週年大會輪席告退，惟彼符合資格並願意膺選連任。

本公司已取得每位獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則之規定作出之年度獨立性確認函，由此本公司視該等董事為獨立董事。

董事及高級管理人員之履歷

董事及高級管理人員之履歷詳情載於第14至16頁。

董事服務合約

本公司與各執行董事訂立之前服務合約已於二零零七年十一月三十日到期。於二零零七年九月七日，各執行董事已與本公司訂立服務合約，任期為兩年，由二零零七年十二月一日開始，執行董事可向本公司發出不少於三個月之書面通知或代通知金終止其服務合約。於服務合約註明的某些情況下，本公司可立即終止其服務合約而無須向執行董事作出任何賠償。

Directors' Service Contracts (Cont'd)

The non-executive director and each of the independent non-executive directors of the Company has entered into letters of appointment with the Company for a term of three years commencing on 14 November 2005 and may be terminated by either party by giving one month's written notice.

Save as disclosed above, none of the directors of the Company proposed for re-election at the forthcoming annual general meeting has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

Directors' Interests in Contracts

Details of Directors' interests in contracts of significance in relation to the Group's business are set out in the section headed "Connected Transaction and Exempt Continuing Connected Transaction" in this report.

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2007, the Directors had the following interests in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules"):

董事服務合約(續)

本公司之非執行董事及各獨立非執行董事已與本公司訂立委任信件，任期由二零零五年十一月十四日起計，任期為三年，其中一方可向另外一方發出一個月的書面通知終止委任協議。

除上文披露者外，擬於即將舉行之股東週年大會上膺選連任之本公司董事概無與本公司或其附屬公司訂立任何不可由聘任公司於一年內不付賠償(法定賠償除外)而終止之服務合約。

董事的合約權益

董事的合約權益與本集團業務有關重大合約的詳情載於本年報內「關連交易及獲豁免持續關連交易」一節中。

董事及主要行政人員於本公司的股份及相關股份中擁有的權益

於二零零七年十二月三十一日，按本公司根據證券及期貨條例(「證券及期貨條例」)第352條所置存的登記冊所示，董事於本公司的股份及相關股份中擁有的權益，或根據聯交所證券上市規則(「上市規則」)所載董事進行證券交易的標準守則須以其他方式知會本公司及聯交所的權益如下：

Directors' Report

董事會報告

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company (Cont'd)

董事及主要行政人員於本公司的股份及相關股份中擁有的權益(續)

(A) Interest in shares and underlying shares under equity derivatives of the Company

(A) 於本公司股份的權益及於股本衍生工具下相關股份之權益

Name of Director	Long position/ Short position	Capacity	Number of Shares held	Number of underlying Shares (under equity derivatives of the Company)	Aggregate Interests	Approximate percentage of the issued share capital of the Company
董事姓名	好倉／淡倉	身份	所持 股份數目	相關股份 數目(於本 公司股本 衍生工具下)	權益總額	本公司已 發行股本之 概約百分比
Mr. TAOCHAIFU Choofuang 陶哲甫先生	Long Position 好倉	Interests of controlled corporation 受控法團權益	466,884,700 (Note 1) (附註1)		480,438,561	42.58
	Long Position 好倉	Personal interest 個人權益		13,553,861 (Note 2) (附註2)		
Mr. TAO Richard 陶家祈先生	Long Position 好倉	Personal interest 個人權益	11,186,757	14,193,989 (Note 2) (附註2)	25,380,746	2.25
Mr. TAO Paul 陶錫祺先生	Long Position 好倉	Personal interest 個人權益	11,186,757	14,193,989 (Note 2) (附註2)	25,380,746	2.25
Mr. KONG Mui Sum Lawrence 江森森先生	Long Position 好倉	Personal interest 個人權益	2,500,220	14,193,989 (Note 2) (附註2)	16,694,209	1.48
Mr. YIM Chun Leung 嚴振亮先生	Long Position 好倉	Personal interest 個人權益	1,232,605	14,193,989 (Note 2) (附註2)	15,426,594	1.37

Notes:

- Belbroughton Limited ("Belbroughton") is the legal and beneficial owner of 466,884,700 shares. Belbroughton is wholly-owned by Seal United Investments Limited ("Seal United"), the entire issued share capital of which is owned by Mr. TAOCHAIFU Choofuang ("Mr. C.F. TAO") and his spouse, Mrs. TAO POON Lai Yew Nancy ("Mrs. Nancy TAO") in equal proportion. Accordingly, Seal United as well as Mr. C.F. TAO and Mrs. Nancy TAO are deemed to be interested in 466,884,700 shares held by Belbroughton.
- Share options were granted on 4 April 2006, 4 July 2007 and 18 October 2007 respectively. Details of share options granted to the Directors of the Company are set out in part (B) of this section.

附註:

- Belbroughton Limited(「Belbroughton」)為466,884,700股股份的合法實益擁有人。Belbroughton乃由Seal United Investments Limited(「Seal United」)全資擁有。Seal United全數已發行股本為陶哲甫先生(「陶哲甫先生」)及其配偶陶潘麗瑤女士(「陶潘麗瑤女士」)按相等比例擁有。因此，Seal United連同陶哲甫先生及陶潘麗瑤女士被視為於Belbroughton所持有之該等466,884,700股股份擁有權益。
- 購股權乃分別於二零零六年四月四日、二零零七年七月四日及二零零七年十月十八日授出。授予本公司董事之購股權詳情乃載於本節(B)項下。

Directors' Report

董事會報告

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company (Cont'd)

(B) Long position in underlying shares — share options

Under the share option scheme of the Company, share option may be granted to certain participants including the Directors and employees of the Company and its subsidiaries to subscribe for the shares of the Company. Details of share options granted to the Directors are as follows:

Name of Director	Date of grant dd/mm/yyyy	Exercisable period dd/mm/yyyy	購股權數目 Number of share options			Subscription price per share HK\$	
			Balance at 1 January 2007	Granted during the year	Exercised during the year		Balance at 31 December 2007
			於 二零零七年 一月一日 之餘額	於年內 授出	於年內 行使	於 二零零七年 十二月 三十一日 之餘額	每股之 認購價 港元
Mr. TAOCHAIFU Choofuang 陶哲甫先生	4/4/2006	10/4/2006 – 9/4/2009	5,800,000	–	–	6,188,225	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. TAO Richard 陶家祈先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. TAO Paul 陶錫祺先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. KONG Mui Sum Lawrence 江淼森先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. YIM Chun Leung 嚴振亮先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524

Note: Pursuant to the terms of the share option scheme, following the adjustment events arising from the changes in the Company's capital structure in 2007, the respective exercise prices per share of the unexercised options and the respective number of share options exercisable have been adjusted. The auditors of the Company have certified the adjustments were fair and reasonable. Details of the adjustments are set out in note 28 to the financial statements.

Save as disclosed above, none of the Company's Directors, chief executives and their associates, had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO at the date of this report.

董事及主要行政人員於本公司的股份及相關股份中擁有的權益(續)

(B) 相關股份之好倉－購股權

根據本公司之購股權計劃，購股權可授予若干參與人（包括董事及本公司及其附屬公司之僱員）以認購本公司之股份。授予董事之購股權詳情如下：

Name of Director	Date of grant dd/mm/yyyy	Exercisable period dd/mm/yyyy	購股權數目 Number of share options			Subscription price per share HK\$	
			Balance at 1 January 2007	Granted during the year	Exercised during the year		Balance at 31 December 2007
			於 二零零七年 一月一日 之餘額	於年內 授出	於年內 行使	於 二零零七年 十二月 三十一日 之餘額	每股之 認購價 港元
Mr. TAOCHAIFU Choofuang 陶哲甫先生	4/4/2006	10/4/2006 – 9/4/2009	5,800,000	–	–	6,188,225	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. TAO Richard 陶家祈先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. TAO Paul 陶錫祺先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. KONG Mui Sum Lawrence 江淼森先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524
Mr. YIM Chun Leung 嚴振亮先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	–	6,828,353	0.806 (Note)(附註)
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	–	3,765,636	0.635 (Note)(附註)
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	3,600,000	0.524

附註：根據購股權計劃的條款，於二零零七年本公司股本結構之變動所引發的調整事件後，未行使購股權之每股股份各自之行使價及可行使之購股權各自股份數目已作出調整。本公司之核數師已證明有關調整乃公平和合理。調整之詳情載於財務報表附註28。

除上文披露者外，本公司之董事、主要行政人員或彼等之聯繫人概無於本公司或其任何相聯法團之股份及相關股份擁有任何權益或淡倉，而需按證券及期貨條例第352條於本報告日期予以記錄。

Directors' Report

董事會報告

Substantial Shareholders' Interests in Shares and Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2007, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Long position in shares

Name of Shareholder	Long position/ Short position	Capacity	Number of Shares held	Aggregate Interests	Approximate percentage of the issued share capital of the Company 佔本公司 已發行股本 概約百分比	Notes
股東名稱	好倉/淡倉	身份	所持股份數目	權益總額		附註
Belbroughton Limited	Long position 好倉	Beneficial owner 實益擁有人	466,884,700	466,884,700	41.38	1
Seal United Investments Limited	Long position 好倉	Interests of controlled corporation 受控法團權益	466,884,700	466,884,700	41.38	1
Mrs. TAO POON Lai Yew Nancy 陶潘麗瑤女士	Long position 好倉	Interests of controlled corporation 受控法團權益	466,884,700	480,438,561	42.58	1
		Interest of spouse 配偶權益	13,553,861			
Peeli Limited	Long position 好倉	Beneficial owner 實益擁有人	206,993,578	206,993,578	18.35	2
Mr. TAO Shing Pee 陶欣伯先生	Long position 好倉	Interests of controlled corporation 受控法團權益	206,993,578	206,993,578	18.35	2
Ms. LIU Kwan Li 劉光藜女士	Long position 好倉	Interests of controlled corporation 受控法團權益	206,993,578	206,993,578	18.35	2
Oriental Pearl International Inc.	Long position 好倉	Beneficial owner 實益擁有人	58,268,871	58,268,871	5.16	3
Mr. KINOSHITA James Hajime 木下一先生	Long position 好倉	Interests of controlled corporation 受控法團權益	58,268,871	58,268,871	5.16	3
Mrs. KINOSHITA CHEUNG Yuen Shiu Lana 木下張婉笑女士	Long position 好倉	Interests of controlled corporation 受控法團權益	58,268,571	58,268,871	5.16	3
Spinnaker Capital Limited	Long position 好倉	Investment manager 投資經理	66,300,000	66,300,000	5.88	4
Spinnaker Asset Management – SAM Limited	Long position 好倉	Investment manager 投資經理	66,300,000	66,300,000	5.88	4
Asia Financial Holdings Limited 亞洲金融集團(控股)有限公司	Long position 好倉	Beneficial owner 實益擁有人	45,454,545	68,181,818	6.04	5
		Interests of controlled corporation 受控法團權益	22,727,273			

主要股東於本公司的股份及相關股份中擁有的權益

根據證券及期貨條例第XV部第336條須予存置的登記冊所示，於二零零七年十二月三十一日，本公司之主要股東（為本公司之發行股本的5%或以上）已通知本公司有關之權益，詳情如下：

股份之好倉

Substantial Shareholders' Interests in Shares and Underlying Shares of the Company (Cont'd)

Long position in shares (Cont'd)

Notes:

1. Belbroughton is the legal and beneficial owner of 466,884,700 shares. Belbroughton is wholly-owned by Seal United, the entire issued share capital of which is owned by Mr. C.F. TAO and his spouse, Mrs. Nancy TAO in equal proportion. Accordingly, Seal United as well as Mr. C.F. TAO and Mrs. Nancy TAO are deemed to be interested in 466,884,700 shares held by Belbroughton.
2. Peeli Limited is the legal and beneficial owner of 206,993,578 shares, which is owned by Mr. TAO Shing Pee and Ms. LIU Kwan Li in equal proportion. Accordingly, Mr. TAO Shing Pee and Ms. LIU Kwan Li are deemed to be interested in 206,993,578 shares. Mr. TAO Shing Pee is the brother of Mr. C.F. TAO.
3. Oriental Pearl International Inc. is the legal and beneficial owner of 58,268,871 shares, which is owned by Mr. KINOSHITA James Hajime and Mrs. KINOSHITA CHEUNG Yuen Shiu Lana in equal proportion. Accordingly, Mr. KINOSHITA James Hajime and Mrs. KINOSHITA CHEUNG Yuen Shiu Lana, both being independent third parties, are deemed to be interested in 58,268,871 shares.
4. Spinnaker Capital Limited and Spinnaker Asset Management — SAM Limited are investment managers and each of them is deemed to be interested in the shares held by Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited, which holds approximately 2.94%, 1.23% and 1.70% interests in the shares, respectively.
5. These 68,181,818 underlying shares represent the shares which may be issued upon full conversion of 5% convertible notes in the aggregate principal amount of HK\$75 million with maturity date falling 60 months from 15 October 2007, the date of issue of the convertible notes.

Share Options

Details of the Company's share option scheme and the movements in the share options are set out in note 28 to the financial statements.

Major Suppliers and Customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	14%
— five largest suppliers combined	27%
Sales	
— the largest customer	1%
— five largest customers combined	5%

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Connected Transaction

During the year, the Group had entered into the following connected transactions/continuing connected transaction, certain details of which were disclosed in compliance with the requirements of the Listing Rules.

主要股東於本公司的股份及相關股份中擁有的權益(續)

股份之好倉(續)

附註：

1. Belbroughton為466,884,700股股份的合法實益擁有人。Belbroughton乃由Seal United全資擁有，其全數已發行股本為陶哲甫先生及其配偶陶潘麗瑤女士按相等比例擁有。因此，Seal United連同陶哲甫先生及陶潘麗瑤女士被視為於Belbroughton所持有之該等466,884,700股股份擁有權益。
2. Peeli Limited為206,993,578股股份的合法實益擁有人，其由陶欣伯先生及劉光藜女士按相等比例擁有。因此陶欣伯先生及劉光藜女士被視為於該等206,993,578股股份擁有權益。陶欣伯先生乃陶哲甫先生的胞兄。
3. Oriental Pearl International Inc.為58,268,871股股份的合法實益擁有人，其由木下一先生及木下張婉笑女士按相等比例擁有。因此，同為獨立第三方木下一先生及木下張婉笑女士被視為於該等58,268,871股股份擁有權益。
4. Spinnaker Capital Limited及Spinnaker Asset Management — SAM Limited及投資經理，彼等各視作於Spinnaker Global Emerging Markets Fund Limited、Spinnaker Global Opportunity Fund Limited及Spinnaker Global Strategic Fund Limited所持有之股份中享有權益，其享有權益之比率分別約為2.94%、1.23%及1.70%。
5. 該等68,181,818股相關股份指全面兌換本金總額為75,000,000港元之5%可換股票據（由二零零七年十月十五日（可換股票據發行當日）起計滿60個月當日到期）而可予發行之股份。

購股權

有關本公司之購股權計劃及購股權變動的詳情載於財務報表附註28。

主要供應商及客戶

本集團主要供應商及客戶所佔採購及銷售百分率如下：

採購額	
— 最大供應商	14%
— 五大供應商合併計算	27%
銷售額	
— 最大客戶	1%
— 五大客戶合併計算	5%

概無本公司董事或其任何聯繫人士或任何股東（就董事所知擁有本公司已發行股本5%以上）於本年度任何時間擁有本集團五大客戶之實益權益。

關連交易

本集團於年內進行下列之關連交易／持續關連交易，其某些詳情已遵守上市規則的規定披露。

Directors' Report

董事會報告

Connected Transaction (Cont'd)

1. Sale and Purchase Agreement

On 11 April 2007, New Heritage Corporation Limited ("NH Corporation"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Onsite Investment Limited ("Onsite") (controlled by the associates of Mr. CHAN Bernard Charnwut, the non-executive director of the Company). Pursuant to the sale and purchase agreement, NH Corporation agreed to sell to Onsite 15 shares (representing approximately 9.615% interest) in the capital of NH Development, a then wholly owned subsidiary of the Company, at the consideration of HK\$45 million. This transaction was approved by the shareholders at the extraordinary general meeting of the Company on 1 June 2007.

2. Convertible Note Subscription Agreement

On 28 May 2007, Healthy Castle Investments Limited ("Healthy Castle"), a wholly owned subsidiary of the Company, entered into a convertible note subscription agreement with Key Apex Limited ("Key Apex") (a subsidiary of a company which is deemed to be controlled by the associates of Mr. CHAN Bernard Charnwut, the non-executive director of the Company) whereby Healthy Castle agreed to subscribe and Key Apex agreed to issue the US\$5.5 million convertible note with maturity date falling on the first anniversary of the date of issue of convertible note ("Due Date") at zero coupon. The principal amount of the convertible note will be repaid in full on the Due Date if the conditions to convert the convertible note cannot be fulfilled. Pursuant to the terms of the convertible note, shares representing approximately 10% of the enlarged issued share capital of Key Apex as at the date of conversion will be issued by Key Apex to Healthy Castle at the conversion price of US\$1.00 per share (being the par value of each share in the capital of Key Apex) on the date which falls three days after the date when the 99% owned subsidiary established in the PRC has obtained the land use right certificate of a piece of land in Shanghai in the PRC. The balance of the principal amount of convertible note after deduction of the total conversion price will be treated as an interest-free shareholder's loan advanced by Healthy Castle to Key Apex. This transaction was approved by the shareholders at the extraordinary general meeting of the Company on 20 June 2007. The convertible note was issued on 18 July 2007.

3. HK\$75 million 5% Convertible Notes Subscription Agreement

On 10 August 2007, the Company entered into a subscription agreement with Asia Financial Holdings Limited ("AFHL") and Asia Insurance Company, Limited ("AICL") (AICL is a subsidiary of AFHL which is controlled by the associates of Mr. CHAN Bernard Charnwut, the non-executive director of the Company) whereby the Company agreed to issue and AFHL and AICL agreed to subscribe the HK\$50 million and HK\$25 million 5% convertible note ("Convertible Notes") with maturity date falling 60 months from the date of issue of the Convertible Notes respectively. Pursuant to the term of the Convertible Notes, the holder of the Convertible Notes can convert the Convertible Notes at the conversion price of HK\$1.10 per share. The principal amount of HK\$35 million (HK\$25 million for AFHL and HK\$10 million for AICL) of the Convertible Notes shall be compulsorily converted at the conversion price of HK\$1.10 within seven business days if the closing price per share is HK\$1.10 or higher for ten consecutive trading days during the period from the issue day of the Convertible Notes up to five business days prior to the maturity date. This transaction was approved by the shareholders at the extraordinary general meeting of the Company on 10 October 2007. The Convertible Notes were issued on 15 October 2007.

關連交易(續)

1. 買賣協議

於二零零七年四月十一日，本公司的全資附屬公司 New Heritage Corporation Limited (「新澤企業有限公司」)(「新澤企業」)與 Onsite Investment Limited (「Onsite」)(由本公司非執行董事陳智思先生之聯繫人控制)簽訂買賣協議。根據買賣協議，新澤企業同意向 Onsite 出售新繼發展(當時為本公司的全資附屬公司)股本中 15 股股份(即約 9.615% 權益)，代價為 45,000,000 港元。此項交易獲股東於二零零七年六月一日的本公司股東特別大會批准。

2. 可換股票據認購協議

於二零零七年五月二十八日，本公司的全資附屬公司康堡投資有限公司(「康堡」)與凱亞有限公司(「凱亞」)(視為被本公司非執行董事陳智思先生之聯繫人控制的公司之附屬公司)簽訂可換股票據認購協議，據此，康堡同意認購而凱亞同意發行 5,500,000 美元零息可換股票據，有關票據於發行日起計滿一週年(「到期日」)當日到期。若兌換可換股票據的條件不能達成，則可換股票據本金額將於到期日全數償還。根據可換股票據條款，待於中國成立且擁有 99% 權益的附屬公司取得位於中國上海一幅土地的土地使用權證當日後三日，凱亞將按換股價每股 1.00 美元(為凱亞每股股份面值)向康堡發行相等於凱亞於兌換日經擴大已發行股本約 10% 的股份。扣除總換股價後，可換股票據本金餘額將會當作康堡給予凱亞的免息股東貸款墊款處理。此項交易獲股東於二零零七年六月二十日的本公司股東特別大會批准。可換股票據於二零零七年七月十八日發行。

3. 75,000,000 港元 5% 可換股票據認購協議

於二零零七年八月十日，本公司與亞洲金融集團(控股)有限公司(「亞洲金融」)及亞洲保險有限公司(「亞洲保險」)(亞洲保險為亞洲金融之附屬公司，亞洲金融由本公司非執行董事陳智思先生之聯繫人控制)簽訂認購協議，據此，本公司同意發行而亞洲金融及亞洲保險分別同意認購 50,000,000 港元及 25,000,000 港元之 5% 可換股票據(「可換股票據」)，可換股票據於發行日起計滿 60 個月當日到期。根據可換股票據條款，可換股票據持有人可以每股股份 1.10 港元兌換可換股票據。如自可換股票據發行當日至到期日前五個營業日期間連續十個交易日的每股收市價為 1.10 港元或以上，則可換股票據的本金額 35,000,000 港元(亞洲金融為 25,000,000 港元，而亞洲保險為 10,000,000 港元)須於七個營業日內強制按兌換價兌換。此項交易已獲股東於二零零七年十月十日的本公司股東特別大會批准。可換股票據於二零零七年十月十五日發行。

Connected Transaction (Cont'd)

4. Tenancy Agreement and Licence Agreement

On 26 November 2007, New Heritage Management Limited (“NH Management”), an indirect wholly-owned subsidiary of the Company, as tenant entered into a tenancy agreement with Fontwell Holdings Limited (“Fontwell”), (beneficially owned by Mr. C.F. TAO and his family members) as landlord for the lease of Room 2301, 23rd Floor, Fortis Bank Tower, Nos.77-79 Gloucester Road, Hong Kong and Nos.117-119 Jaffe Road, Hong Kong at a monthly rental of HK\$100,000 for the period from 1 February 2008 to 31 January 2009 and HK\$105,000 for the period from 1 February 2009 to 31 January 2010 (exclusive of government rates and management fees).

On 26 November 2007, NH Management as licensee entered into a licence agreement with Fontwell as licensor for obtaining the licence to use by the Group of car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Bank Tower, Nos. 77-79 Gloucester Road, Hong Kong and Nos. 117-119 Jaffe Road, Hong Kong at a monthly licence fee of HK\$7,000, exclusive of government rates and management fees, for a term of 2 years commencing on 1 February 2008 and expiring on 31 January 2010.

Exempt Continuing Connected Transaction

1. Fitness club agreement

In November 2004, SGVDM entered into an agreement with 上海克拉克海奇健身有限公司(Clark Hatch Fitness Centers (Shanghai) Ltd.) (“Clark Hatch Shanghai”) (Mr. TAO Paul, the Managing Director, has an indirect interest) (which was subsequently supplemented by a supplemental agreement dated 18 September 2005 made between the same parties) (collectively, the “Fitness Club Agreement”), pursuant to which SGVDM provides Clark Hatch Shanghai with the sports and fitness club premises with facilities located on the 3rd Floor, Block 11, Suzhou Garden Court (the “Club House”), and Clark Hatch Shanghai provides cleaning, maintenance, repair, operation and janitorial services for the Club House, for a term of 3 years commencing on 1 January 2005. During the term, Clark Hatch Shanghai is required to pay SGVDM a monthly rental in a sum (i) of RMB60,000 or (ii) equal to 30% of the monthly gross revenues (before taxes) received by Clark Hatch Shanghai from the operation of Club House, whichever is higher.

In 2005, the Company has applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules in respect of the transactions contemplated under the Fitness Club Agreement for the 2 years ending 31 December 2007.

Since the total annual rental received by the Group from Clark Hatch Shanghai under the Fitness Club Agreement for the year ending 31 December 2007 was RMB720,000, therefore the transactions contemplated under the Fitness Club Agreement for the year ending 31 December 2007 was exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

關連交易(續)

4. 租賃協議及特許協議

二零零七年十一月二十六日，新澤管理有限公司(「新澤管理」)，本公司間接全資附屬公司，(作為承租人)與Fontwell Holdings Limited(「Fontwell」)(陶哲甫先生及其家庭成員最終實益擁有)(作為業主)就租賃香港告士打道77-79號及香港謝斐道117-119號華比富通大廈23樓2301室簽訂一份租賃協議，月租100,000港元，租期由二零零八年二月一日至二零零九年一月三十一日及月租105,000港元，租期由二零零九年二月一日至二零一零年一月三十一日(不包括政府差餉及管理費)。

於二零零七年十一月二十六日，新澤管理(作為特許使用人)與Fontwell(作為特許人)就領取香港告士打道77-79號及香港謝斐道117-119號華比富通大廈2樓第28及51號泊車位的許可證以供本集團使用而簽訂一份特許協議，許可證月費為7,000港元，不包括政府差餉及管理費，租期由二零零八年二月一日開始，至二零一零年一月三十一日屆滿，為期兩年。

獲豁免持續關連交易

1. 健身會所協議

二零零四年十一月，錦華苑建設與上海克拉克海奇健身有限公司(「上海克拉克」)(由董事總經理陶錫祺先生擁有間接權益)簽訂一份協議(該協議其後由上述協議雙方所訂立日期為二零零五年九月十八日的補充協議補充)(統稱「健身會所協議」)；據此，錦華苑建設向上海克拉克提供位於錦麗苑11座3樓的體育及健身會所物業連設施(「會所」)；而上海克拉克則為會所提供清潔、保養、維修、營運及庶務服務，由二零零五年一月一日開始，為期三年。於年期內，上海克拉克須向錦華苑建設支付月租合共(i)人民幣60,000元或(ii)相等於上海克拉克於經營會所所得每月總收益(除稅前)30%(以較高者為準)。

於二零零五年，本公司已向聯交所申請，而聯交所亦已豁免本公司截至二零零七年十二月三十一日止兩個年度各年健身會所協議項下進行的交易，須嚴格遵守上市規則第14A.47條有關申報的規定。

由於本集團根據健身會所協議於截至二零零七年十二月三十一日止年度自上海克拉克已收年租共人民幣720,000元，故此，截至二零零七年十二月三十一日止年度，根據健身會所協議進行之交易已獲豁免遵守上市規則有關申報、公告及獲得獨立股東批准的規定。

Directors' Report

董事會報告

Exempt Continuing Connected Transaction (Cont'd)

1. Fitness club agreement (Cont'd)

The independent non-executive directors have confirmed that the above continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the above relevant agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The auditors of the Company have also confirmed that (i) the above continuing connected transaction has been approved by the Board of Directors of the Company; (ii) the transaction was entered into at amounts consistent with the pricing policies as stated in the Company's prospectus dated 22 November 2005; (iii) on terms no less favourable than those available to or from independent third parties; and (iv) the aggregate amount of the transaction has not exceeded the relevant caps in the financial year ended 31 December 2007.

On 31 December 2007, the Fitness Club Agreement was renewed at a monthly rental of RMB60,000 for a term of two years commencing on 1 January 2008.

2. Tenancy agreement of Hong Kong office

On 21 March 2005, NH Management as tenant entered into a tenancy agreement with Fontwell as landlord for the lease of Room 2301, 23rd Floor, Fortis Bank Tower, Nos.77-79 Gloucester Road, Hong Kong and Nos.117-119 Jaffe Road, Hong Kong for the use by the Group at a monthly rental of HK\$49,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2005 and expiring on 31 January 2006. On 25 January 2006, the tenancy agreement was renewed at a monthly rental of HK\$72,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2006 and expiring on 31 January 2007. On 25 January 2007, the tenancy agreement was further renewed at a monthly rental of HK\$78,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2007 and expiring on 31 January 2008. On 26 November 2007, the tenancy agreement was further renewed. Details of which were disclosed under the section headed "Connected Transaction".

3. Licence agreement

On 21 March 2005, NH Management as licensee entered into a licence agreement with Fontwell as licensor for obtaining the licence to use by the Group of car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Bank Tower, Nos.77-79 Gloucester Road, Hong Kong and Nos.117-119 Jaffe Road, Hong Kong at a monthly licence fee of HK\$7,000, exclusive of government rates and management fees, for a term of one year commencing from 1 February 2005 to 31 January 2006. On 25 January 2006, the above licence agreement was renewed at a monthly licence fee of HK\$7,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2006 and expiring on 31 January 2007. On 25 January 2007, the licence agreement was further renewed at a monthly licence fee of HK\$5,000, exclusive of government rates and management fees, for a term of one year commencing from 1 February 2007 to 31 January 2008. On 26 November 2007, the licence agreement was further renewed. Details of which were disclosed under the section headed "Connected Transaction".

獲豁免持續關連交易(續)

1. 健身會所協議(續)

獨立非執行董事已確認上述持續關連交易乃(i)本集團之日常及一般業務過程；(ii)按一般商業條款，或向本集團提供之條款不遜於向獨立第三者或由獨立第三者提供之條款；及(iii)根據上述有關協議按公平合理，且符合本公司股東整體利益之條款訂立。本公司之核數師亦已確認(i)上述持續關連交易已獲本公司董事會批准；(ii)該交易乃根據本公司於二零零五年十一月二十二日刊發之招股章程內之定價政策；(iii)不遜於向獨立第三者或由獨立第三者提供之條款；以及(iv)於截至二零零七年十二月三十一日財務年度，該交易之總額並無超過相關上限。

二零零七年十二月三十一日，健身會所協議已被續期，月租人民幣60,000元，租期由二零零八年一月一日開始，為期兩年。

2. 香港辦事處之租賃協議

二零零五年三月二十一日，新澤管理(作為承租人)與Fontwell(作為業主)就租賃香港告士打道77-79號及香港謝斐道117-119號華比富通大廈23樓2301室以供本集團使用而簽訂一份租賃協議，月租49,000港元，不包括政府差餉及管理費，租期由二零零五年二月一日開始，至二零零六年一月三十一日屆滿，為期一年。於二零零六年一月二十五日，該租賃協議已被續期，月租72,000港元，不包括政府差餉及管理費，租期由二零零六年二月一日開始，至二零零七年一月三十一日屆滿，為期一年。於二零零七年一月二十五日，該租賃協議已被再次續期，月租78,000港元，不包括政府差餉及管理費，租期由二零零七年二月一日開始，至二零零八年一月三十一日屆滿，為期一年。於二零零七年十一月二十六日，租賃協議已被再次續期。詳情載於「關連交易」一節內。

3. 特許協議

於二零零五年三月二十一日，新澤管理(作為特許使用人)與Fontwell(作為特許人)就領取香港告士打道77-79號及香港謝斐道117-119號華比富通大廈2樓第28及51號泊車位的許可證以供本集團使用而簽訂一份特許協議，許可證月費為7,000港元，不包括政府差餉及管理費，由二零零五年二月一日開始，至二零零六年一月三十一日屆滿，為期一年。於二零零六年一月二十五日，上述特許協議已被續期，許可證月費為7,000港元，不包括政府差餉及管理費，租期由二零零六年二月一日開始，至二零零七年一月三十一日屆滿，為期一年。於二零零七年一月二十五日，該特許協議已獲再次續期，許可證月費為5,000港元，不包括政府差餉及管理費，由二零零七年二月一日開始，至二零零八年一月三十一日屆滿，為期一年。於二零零七年十一月二十六日，特許協議已被再次續期。詳情載於「關連交易」一節內。

Directors' Interest in Competing Business

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules was as follows:

Mr. C.F. TAO, Chairman of the Company, and his family members (including Mr. TAO Richard, Vice Chairman and Mr. TAO Paul, Managing Director) are interested in certain properties in the PRC which may constitute a competing business to the Group. The properties include two villas in Suzhou Garden Court of a total gross floor area of 770.38 sq.m. developed by a subsidiary of the Company.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 28 to 33 of this report.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Auditors

The Company's auditors, Grant Thornton retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

TAOCHAIFU Choofuang (C.F. Tao)

Chairman

Hong Kong, 20 March 2008

董事於競爭業務之權益

於年內，董事須根據上市規則之規定披露其擁有與本集團業務直接或間接構成或可能構成競爭之業務之權益如下：

陶哲甫先生(本公司主席)及其家庭成員(包括副主席陶家祈先生及董事總經理陶錫祺先生)擁有若干中國物業權益，此舉可能構成與本集團競爭的業務。該等物業其中包括由本公司一間附屬公司發展的蘇州錦麗苑兩幢別墅(總建築面積770.38平方米)。

企業管治

本公司所採納的主要企業管治常規的報告，載於本年報第28至33頁。

足夠的公眾持股量

根據本公司可從公開途徑取得的資料及就本公司董事所知，於本年報日期，本公司已發行股份之公眾持股量為不少於25%。

核數師

本公司核數師均富會計師行將任滿告退，彼符合資格並願膺選連任，有關續聘均富會計師行為本公司核數師之決議案將於應屆股東週年大會提呈。

承董事會命

主席

陶哲甫

香港，二零零八年三月二十日

Corporate Governance Report

企業管治報告

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2007, the Group has complied with the code provisions (the “Code Provisions”) set out in Appendix 14, the Code of Corporate Governance Practices, of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board will continue to monitor and review the Group’s corporate governance practices to ensure compliance with the Code Provisions.

Board Composition

The Board comprises five executive directors, one non-executive director and three independent non-executive directors. All five executive directors are members of the executive committee of the Company responsible for dealing with the business of the Company in accordance with all applicable rules and regulations, including but not limited to, the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”). All Directors (including independent non-executive directors) have been consulted on all major and material matters of the Company.

The Board members for the year ended 31 December 2007 were:

Executive Directors

Mr. TAOCHAIFU Choofuang (also known as C.F. TAO) (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (also known as TAOCHAIFU Porn) (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-executive Director

Mr. CHAN Bernard Charnwut

Independent Non-executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

The numbers of independent non-executive directors have met the requirements under the Listing Rules and Mr. WONG Gary Ka Wai has appropriate accounting professional qualification. The Company has appointed a Managing Director instead of a chief executive officer.

The positions of the Chairman and the Managing Director are held separately by two executive directors to ensure their respective independence, accountability and responsibility. The Chairman is responsible for determining overall business strategies of the Group. The duty of the Chairman is to work closely with audit, nomination and remuneration committee of the Company and to ensure that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The Managing Director is responsible for general management of the Group. The Managing Director is also responsible to work closely with the executive committee of the Company to ensure management strategies, plans and performance of the Group are appropriately represented to the Board and to provide guidance to the Board on major issues.

本公司致力建立良好之企業管治慣例及程序，本公司之企業管治原則著重優秀之董事局、透明度及向本公司所有股東問責。

截至二零零七年十二月三十一日止年度，本集團已遵守香港聯合交易所有限公司（「聯交所」）之證券上市規則所載的附錄十四《企業管治常規守則》所載之守則條文（「守則條文」）。

董事會將繼續監察及審核本集團之企業管治常規，以確保符合守則條文之規定。

董事局之組成

董事局由五名執行董事、一名非執行董事及三名獨立非執行董事組成，所有五名執行董事均為執行委員會成員，負責按照所有適用的規則及條例，其中包括，但不限於聯交所之證券上市規則（「上市規則」）處理本公司之業務。所有董事（包括獨立非執行董事）在本公司所有主要及重大事項上均被諮詢。

截至二零零七年十二月三十一日止年度之董事局成員為：

執行董事

陶哲甫先生（別名C.F. TAO）（主席）
陶家祈先生（副主席）
陶錫祺先生（別名TAOCHAIFU Porn）（董事總經理）
江森森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

獨立非執行董事之數目已符合上市規則規定及王家偉先生亦具備適當之會計專業資格。本公司已委任一位董事總經理，代替委任一位行政總裁。

主席及董事總經理之職位分別由兩位執行董事出任，以確保其各自之獨立性、問責性及責任承擔。主席負責決定本集團之整體業務策略。主席之職責乃與本公司之審核委員會、提名委員會及薪酬委員會緊密合作，並確保董事會能夠就所有重要及適當事宜，進行及時和具建設性之討論。董事總經理負責本集團之一般管理。董事總經理亦須與本公司之執行委員會緊密合作，以確保管理策略、計劃及表現於董事會中獲得適當的代表，並就主要議題向董事會提供指導。

Corporate Governance Report

企業管治報告

Board Composition (Cont'd)

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Mr. TAOCHAIFU Choofuang (C.F. Tao), the Chairman of the Company, is the father of Mr. TAO Richard, the Vice Chairman of the Company, and Mr. TAO Paul, Managing Director of the Company. Further details of the Directors are set out on pages 14 to 16 under the section headed "Biographical Details of Directors and Senior Management" of this report.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The non-executive director and all the independent non-executive directors have contracts with the Company for a period of three years commencing from 14 November 2005 which may be terminated by either party by giving one month's written notice and subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company.

All the minutes of the Board meeting are kept by the company secretary and are available for inspection by the Directors and auditors of the Company.

Attendance Record at Board Meetings

For the year ended 31 December 2007, four Board meetings were held to review the business of the Group and to approve the financial results of the Group and the attendance of individual members at the meetings of the Board are set out as follows:-

Executive Director

Mr. TAOCHAIFU Choofuang (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

執行董事

陶哲甫先生 (主席)
陶家祈先生 (副主席)
陶錫祺先生 (董事總經理)
江淼森先生
嚴振亮先生

Non-Executive Director

Mr. CHAN Bernard Charnwut

非執行董事

陳智思先生

Independent Non-Executive Director

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

董事局之組成(續)

董事會負責企業策略、年度及中期業績、繼承計劃、風險管理、重大收購、出售及資本交易，及其他主要營運及財務事宜。董事會特別委託管理層執行之主要企業事宜包括籌備年度及中期賬目，以供董事會於對外公布前批核、執行董事會所採納之業務策略及措施、推行妥善內部監控制度及風險管理程序以及遵守有關法定規定、規則與規例。

陶哲甫先生(本公司主席)，為陶家祈先生(本公司副主席)及陶錫祺先生(本公司董事總經理)之父親。有關董事之詳情載於本年報內第14至16頁「董事及高級管理人員之履歷」一節中。

各獨立非執行董事已根據上市規則第3.13條之規定提交年度獨立性確認書。本公司認為，所有獨立非執行董事均符合上市規則第3.13條所載之獨立性指引，並根據指引之條款屬獨立人士。本公司之非執行董事及各獨立非執行董事已與本公司訂立合約，任期由二零零五年十一月十四日起計，任期為三年，若終止其服務合約，其中一方可向另外一方發出一個月的書面通知及根據本公司之組織章程細則，其均須至少每三年於股東週年大會上輪值告退。

董事會會議之所有會議記錄由公司秘書保存及可供本公司之董事及核數師審閱。

董事會會議出席記錄

截至二零零七年十二月三十一日止年度，本集團共召開四次董事會會議以審議本集團之業務及批准本集團之財務業績，董事會之會議中個別成員之出席情況列載如下：—

Meetings attended/Number of Meeting held 出席會議次數/舉行會議次數

		Meetings attended/Number of Meeting held 出席會議次數/舉行會議次數
Executive Director	執行董事	
Mr. TAOCHAIFU Choofuang (Chairman)	陶哲甫先生 (主席)	1/4
Mr. TAO Richard (Vice Chairman)	陶家祈先生 (副主席)	4/4
Mr. TAO Paul (Managing Director)	陶錫祺先生 (董事總經理)	4/4
Mr. KONG Mui Sum Lawrence	江淼森先生	4/4
Mr. YIM Chun Leung	嚴振亮先生	4/4
Non-Executive Director	非執行董事	
Mr. CHAN Bernard Charnwut	陳智思先生	4/4
Independent Non-Executive Director	獨立非執行董事	
Mr. WONG Gary Ka Wai	王家偉先生	4/4
Mr. SUN Leland Li Hsun	孫立勳先生	3/4
Mr. CHAN Norman Enrique	陳樂文先生	4/4

Corporate Governance Report

企業管治報告

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The obligation to follow the Listing Rules are set out in the terms of the service contracts of each executive director and the letters of appointment of the non-executive director and each independent non-executive director. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2007.

Audit Committee

The Company established an Audit Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The Audit Committee consists of independent non-executive directors only.

The members of the Audit Committee are as follows:

Mr. WONG Gary Ka Wai (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Mr. WONG Gary Ka Wai, who possesses a professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control systems of the Group. The Group's final results for the year ended 31 December 2007 have been reviewed by the members of the Audit Committee before submission to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Three meetings of the Audit Committee were held during the year. The attendance of each member is set out as follows:

Name of member 成員名稱

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

王家偉先生
孫立勳先生
陳樂文先生

Meetings attended/Number of Meeting held 出席會議次數/舉行會議次數

3/3
3/3
3/3

Nomination Committee

The Company established a Nomination Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The members of the Nomination Committee consist of one executive director and two independent non-executive directors.

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則(「標準守則」)，作為其董事進行證券交易之操守守則。各執行董事之服務合約條文及非執行董事及各獨立非執行董事之委任信件中已載有遵守上市規則之責任。經本公司向全體董事作出特定查詢後，全體董事確認，彼等於截至二零零七年十二月三十一日一直遵守標準守則所規定標準。

審核委員會

本公司於二零零五年十一月十四日成立審核委員會，並根據守則條文制訂職權範圍。審核委員會成員只包括獨立非執行董事。

審核委員會成員如下：

王家偉先生(主席)
孫立勳先生
陳樂文先生

王家偉先生，彼具有專業會計資格及相關會計經驗，乃審核委員會主席。概無任何審核委員會之成員乃本公司之前任或現任核數師。

審核委員會的主要職務為檢討及批准本集團的財務申報程序及內部監控制度。本集團截至二零零七年十二月三十一日止年度之業績於提呈董事會批准前已獲審核委員會審閱。審核委員會認為是次業績之籌備乃遵守適用之會計準則及已作出適當的披露。

於年內審核委員會共召開三次會議。每位成員之出席情況載列如下：

提名委員會

本公司於二零零五年十一月十四日成立提名委員會，並根據守則條文制訂職權範圍。提名委員會成員包括一名執行董事及兩名獨立非執行董事。

Corporate Governance Report

企業管治報告

Nomination Committee (Cont'd)

The members of the Nomination Committee are as follows:

Mr. CHAN Norman Enrique (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. TAO Paul

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession. No director is appointed or removed during the year.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's articles of association in selecting and recommending directors for retirement rotation.

The Nomination Committee resolved that all the existing directors should be recommended to be retained by the Company. Further, in accordance with the Company's articles of association, Mr. CHAN Bernard Charnwut, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

Two meetings of the Nomination Committee were held during the year. The attendance of each member is set out as follows:

Name of member 成員名稱		Meetings attended/Number of Meeting held 出席會議次數/舉行會議次數
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Mr. CHAN Norman Enrique	陳樂文先生	2/2
Mr. SUN Leland Li Hsun	孫立勳先生	2/2
Mr. TAO Paul	陶錫祺先生	2/2

Remuneration Committee

The Company established a Remuneration Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The members of the Remuneration Committee consist of one executive director and two independent non-executive directors.

The members of the Remuneration Committee are as follows:

Mr. SUN Leland Li Hsun (*Chairman*)
Mr. CHAN Norman Enrique
Mr. TAO Richard

The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management including the recommendation to the Board on the granting of share options to Directors pursuant to the share option scheme adopted by the Company.

The Remuneration Committee has considered and reviewed the existing terms of remunerations of all the Directors. The Remuneration Committee has considered factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee considered that the existing terms of remunerations of the Directors were fair and reasonable.

提名委員會(續)

提名委員會成員如下：

陳樂文先生(主席)
孫立勳先生
陶錫祺先生

提名委員會的主要職務為就委任董事及罷免董事以及管理董事會繼任事宜向董事會提出建議。於年內並無委任或罷免董事。

提名委員會已考慮以往的表現、資格、一般市場環境及本公司之組織章程細則以甄選及推薦董事輪值告退。

提名委員會決議推薦所有現任董事在本公司留任。再者，根據本公司之組織章程細則，陳智思先生，孫立勳先生及陳樂文先生將於應屆股東週年大會上告退，惟彼符合資格並願意膺選連任。

於年內提名委員會共召開兩次會議。每位成員之出席情況載列如下：

薪酬委員會

本公司於二零零五年十一月十四日成立薪酬委員會，並根據守則條文制訂職權範圍。薪酬委員會成員包括一名執行董事及兩名獨立非執行董事。

薪酬委員會成員如下：

孫立勳先生(主席)
陳樂文先生
陶家祈先生

薪酬委員會的主要職務為檢討及釐定應付予董事及高級管理人員的薪酬福利條款、花紅及其他報酬，包括向董事會建議按照公司採納的購股權計劃而向董事授出購股權。

薪酬委員會考慮及檢討所有董事現時的薪酬條款。薪酬委員會考慮之因素包括可比較公司之薪金水平、各董事所投入之時間及職責、集團其他的聘用條件及以表現為準則的薪酬條件。薪酬委員會認為現時董事的薪酬條款乃公平合理。

Corporate Governance Report

企業管治報告

Remuneration Committee (Cont'd)

Three meetings of the Remuneration Committee were held during the year. The attendance of each member is set out as follows:

Name of member 成員名稱		Meetings attended/Number of Meeting held 出席會議次數／舉行會議次數
Mr. SUN Leland Li Hsun	孫立勳先生	3/3
Mr. CHAN Norman Enrique	陳樂文先生	3/3
Mr. TAO Richard	陶家祈先生	3/3

Internal Control

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

During the year, the Company has continued to engage an external independent professional adviser to assist in conducting a gap analysis with the reference to the COSO (The Committee of Sponsoring Organizations of the Treadway Commission, 1994) internal control framework and to perform the review of the effectiveness of its system of internal control. Relevant applicable recommendations made by such consultant last year have been implemented by the Group in stages to further enhance its internal control policies, procedures and practices.

Investor Relationship and Communication

The Company endeavors to maintain a high level of transparency in communicating with shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company. The Company has announced its annual results of the year under review in a timely manner, which is well before the time limits set out in the Listing Rules.

薪酬委員會(續)

於年內薪酬委員會共召開三次會議。每位成員之出席情況載列如下：

內部監控

董事會對本公司內部監控系統及對檢討其效率承擔整體責任。董事會致力落實有效及良好的內部監控系統，以保障股東利益及本集團資產。董事已委派管理層落實內部監控系統，並檢討已建立的架構內的所有相關財務、營運、遵守規例監控及風險管理效能。

於年內，公司已繼續外聘獨立專業顧問，協助公司參照 COSO (The Committee of Sponsoring Organization of the Treadway Commission, 1994) 內部控制框架進行缺口分析，以評估集團之內部控制系統之成效。該顧問於去年提出的相關適用推薦意見已獲本集團分階段實行以進一步改進其內部監控政策、程序和慣例。

與投資者的關係及溝通

本公司與股東及投資界溝通時，一直盡量保持高透明度。本公司定期為機構投資者及分析家舉行簡報會及會議。本公司致力按照有關監管規定，繼續維持公開及有效的投資者溝通政策，並及時向投資者提供最新的業務資料。為確保與投資者及分析家維持有效、清晰而準確的溝通渠道，所有企業通訊事宜均按照本公司的既定慣例及程序，由執行董事及專責高級行政人員處理。本公司已於回顧年度內按時宣佈其年度業績及中期業績，宣佈時間遠早於上市規則規定的時間。

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is the responsibility of the auditors to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibility towards or accept liability to any other person for the contents of the independent auditors' report.

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2007, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors also ensure the timely publication of the financial statements of the Group.

Auditors' Remuneration

The fee in respect of audit and non-audit services provided to the Group by independent auditors for the year ended 31 December 2007 amounted to HK\$1,150,000 and HK\$346,000 respectively. The non-audit services mainly consist of review and other reporting services.

董事及核數師就財務報表承擔之責任

董事須負責編製真實而公正之財務報表。在編製該等財務報表時，董事必須貫徹選擇及採用合適之會計政策。

核數師之責任是根據審核工作之結果，對該等財務報表作出獨立意見，將此意見僅向本公司成員報告，不作其他用途。核數師並不就獨立核數師報告書內容向任何其他人士負上責任或承擔法律責任。

董事確認，其職責為就每個財政期間編製可真實公平地反映本集團業務狀況及該期間之業績及現金流量之財務報表。編製截至二零零七年十二月三十一日止年度之財務報表時，對已挑選及貫徹應用合適之會計政策，採納適當的香港財務報告準則及香港會計準則、審慎及合理地作出調整及估計，並以持續營運基準準備財務報表。董事亦確保準時刊發本集團之財務報表。

核數師酬金

截至二零零七年十二月三十一日止年度，獨立核數師對本集團提供的核數和非核數服務所收取之費用分別為1,150,000港元及346,000港元。而非核數服務主要包括審閱及其他財務報告服務。

Independent Auditors' Report

獨立核數師報告



Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of New Heritage Holdings Ltd.
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New Heritage Holdings Ltd. (the "Company") set out on pages 36 to 110, which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

致新澤控股有限公司各股東
(於開曼群島註冊成立的有限公司)

吾等已完成審核載於第36至110頁新澤控股有限公司(「貴公司」)的綜合財務報表，包括於二零零七年十二月三十一日的綜合及公司資產負債表，以及截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他解釋性附註。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例編製及真實而公平地列報該等財務報表。該責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

吾等的責任是根據吾等的審核對該等綜合財務報表作出意見。吾等僅向整體股東報告。除此以外，吾等的報告書不可用作其他用途。吾等概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

吾等已根據香港會計師公會頒佈的香港審計準則進行審核。該等準則要求吾等遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

Independent Auditors' Report (Cont'd)

獨立核數師報告(續)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton

Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

20 March 2008

吾等相信，吾等所獲得的審核憑證是充足和適當地為吾等的審核意見提供基礎。

意見

吾等認為，財務報表已按照香港財務報告準則真實與公平地反映 貴公司及 貴集團於二零零七年十二月三十一日的財務狀況及 貴集團截至該日止年度的盈利和現金流量，並已按照香港公司條例的披露規定適當編製。

均富會計師行

執業會計師
香港
皇后大道中15號
置地廣場
告羅士打大廈13樓

二零零八年三月二十日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
Revenue	收益	5	184,560	207,957
Cost of sales	銷售成本		(127,627)	(120,786)
Gross profit	毛利		56,933	87,171
Other income	其他收入	5	31,018	4,141
Selling expenses	銷售開支		(5,833)	(3,121)
Administrative expenses	行政開支		(42,891)	(31,735)
Other operating income	其他營運收入		14,058	50,620
Finance costs	融資成本	7	(12,975)	(5,180)
Share of results of associates	應佔聯營公司業績		21,417	19,147
Profit before taxation	除稅前盈利	8	61,727	121,043
Taxation	稅項	9	(16,162)	(43,893)
Profit for the year	年度盈利		45,565	77,150
Attributable to :	以下人士應佔：			
Equity holders of the Company	本公司權益持有人		36,115	73,316
Minority interests	少數股東權益		9,450	3,834
			45,565	77,150
Dividends	股息	10	11,283	7,135
Earnings per share	每股盈利	11		
– Basic (HK cents)	– 基本(港仙)		4.2	10.4
– Diluted (HK cents)	– 攤薄(港仙)		4.2	N/A不適用

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2007
於二零零七年十二月三十一日

		Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Goodwill	商譽	12	37,048	37,048
Property, plant and equipment	物業、廠房及設備	13	17,602	15,442
Investment properties	投資物業	14	310,867	180,475
Interests in associates	聯營公司的權益	16	112,459	97,223
Deferred tax assets	遞延稅項資產	17	1,766	2,419
			479,742	332,607
Current assets	流動資產			
Properties held under development	發展中物業	18	330,001	82,956
Properties held for sale	待售物業	19	19,284	20,109
Inventories	存貨	20	136	115
Accounts receivable	應收賬款	21	514	-
Deposits paid, prepayments and other receivables	已付按金、預付款項及其他應收款項	22	262,835	11,087
Pledged bank deposits	已抵押銀行存款	30	61,430	25,776
Cash at banks and in hand	銀行結存及現金	31	175,701	129,472
			849,901	269,515
Current liabilities	流動負債			
Accounts payable	應付賬款	23	31,081	15,960
Accruals, deposits received and other payables	應計費用、已收按金及其他應付款項	24	28,717	21,962
Provision for tax	稅項撥備		21,323	22,931
Borrowings	借貸	25	113,727	25,327
			194,848	86,180
Net current assets	流動資產淨值		655,053	183,335
Total assets less current liabilities	總資產減流動負債		1,134,795	515,942
Non-current liabilities	非流動負債			
Borrowings	借貸	25	185,547	20,000
Convertible notes	可換股票據	26	71,482	-
Deferred tax liabilities	遞延稅項負債	17	30,583	26,782
			287,612	46,782
Net assets	資產淨值		847,183	469,160
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔股本及儲備			
Share capital	股本	27	11,283	7,135
Reserves	儲備	29(a)	733,760	444,236
Proposed final dividend	擬派末期股息	29(a)	11,283	7,135
			756,326	458,506
Minority interests	少數股東權益		90,857	10,654
Total equity	總權益		847,183	469,160

TAO Richard
陶家祈
Director
董事

TAO Paul
陶錫祺
Director
董事

Balance Sheet

資產負債表

As at 31 December 2007
於二零零七年十二月三十一日

			2007	2006
		Notes	HK\$'000	HK\$'000
		附註	千港元	千港元
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	15(a)	118,831	119,176
Current assets	流動資產			
Prepayments	預付款項		227	896
Amounts due from subsidiaries	附屬公司欠款	15(b)	436,656	127,539
Cash at banks and in hand	銀行結存及現金		15,880	22,013
			452,763	150,448
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項		4,966	1,568
Financial guarantee contracts	財務擔保合約	35	7,179	8,500
			12,145	10,068
Net current assets	流動資產淨值		440,618	140,380
Total assets less current liabilities	總資產減流動負債		559,449	259,556
Non-current liabilities	非流動負債			
Convertible notes	可換股票據	26	71,482	–
Deferred tax liabilities	遞延稅項負債	17	580	–
			72,062	–
Net assets	資產淨值		487,387	259,556
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔股本及儲備			
Share capital	股本	27	11,283	7,135
Reserves	儲備	29(b)	464,821	245,286
Proposed final dividend	擬派末期股息	29(b)	11,283	7,135
Total equity	總權益		487,387	259,556

TAO Richard
陶家祈
Director
董事

TAO Paul
陶錫祺
Director
董事

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

	Note 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
Cash flows from operating activities	經營活動的現金流量		
Profit before taxation	除稅前盈利	61,727	121,043
Adjustments for :	調整項目：		
Depreciation	折舊	2,382	735
(Gain)/Loss on disposal of property, plant and equipment	出售物業、廠房及設備的(收益)/虧損	(6)	1,425
Gain on partial disposal of interests in subsidiaries	出售附屬公司部分權益的收益	(22,204)	-
Gain on fair value adjustments on investment properties	投資物業公允價值調整的收益	(14,058)	(50,620)
Share of result of associates	應佔聯營公司業績	(21,417)	(19,147)
Employee share-based payment expense	以股份支付的僱員開支	6,132	7,628
Interest income	利息收入	(7,104)	(3,322)
Interest expenses	利息開支	12,975	5,180
Operating profit before working capital changes	未計營運資金變動前經營盈利	18,427	62,922
Increase in properties held under development	發展中物業增加	(356,783)	(158,396)
Decrease in properties held for sale	待售物業減少	117,028	104,027
(Increase)/Decrease in inventories	存貨(增加)/減少	(21)	167
Increase in accounts receivable	應收賬款增加	(514)	-
(Increase)/Decrease in deposits paid, prepayments and other receivables	已付按金、預付款項及其他應收款項(增加)/減少	(251,748)	26,700
Decrease in amounts due from a director	一名董事欠款減少	-	2,725
Increase in accounts payable, accruals, deposits received and other payables	應付賬款、應計費用、已收按金及其他應付款項增加	83,194	9,517
Increase in amount due from associates	應收聯營公司款項增加	(35)	(545)
(Increase)/Decrease in pledged bank deposits	已抵押銀行存款(增加)/減少	(53,629)	19,177
Cash (used in)/generated from operations	經營活動(所用)/產生現金	(444,081)	66,294
Interest paid	已付利息	(8,301)	(5,180)
Income taxes paid	已付所得稅	(15,956)	(17,237)
Net cash (used in)/from operating activities	經營活動(所用)/產生的現金淨額	(468,338)	43,877

Consolidated Cash Flow Statement (Cont'd)

綜合現金流量表(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

	Note 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
Cash flows from investing activities 投資活動的現金流量			
Purchase of property, plant and equipment		(5,677)	(3,674)
Proceeds from sale of property, plant and equipment		140	6
Proceeds from partial disposal of interests in subsidiaries		71,832	-
Additions to investment properties		(98,827)	(6,783)
Capital injection to an associate		-	(180)
Dividends received from an associate		18,757	14,210
Interest received		7,104	3,322
Net cash (used in)/from investing activities		(6,671)	6,901
Cash flows from financing activities 融資活動的現金流量			
Proceeds from issuance of share capital		162,044	39,000
Share issue expenses		(2,477)	(1,446)
Proceeds from issue of convertible notes		75,000	-
Borrowings raised		458,761	30,000
Repayment of borrowings		(181,705)	(66,306)
Interest paid on convertible notes		(801)	-
Dividends paid to Company's equity holders		(7,135)	(6,411)
Dividends paid to minority shareholders		(1,600)	(1,346)
Net cash from/(used in) financing activities		502,087	(6,509)
Net increase in cash and cash equivalents		27,078	44,269
Effect of foreign exchange difference		16,503	3,019
Cash and cash equivalents at 1 January		132,120	84,832
Cash and cash equivalents at 31 December	31	175,701	132,120

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Equity attributable to the equity holders of the Company										Minority interests	Total	
		本公司權益持有人應佔權益										少數股東權益	總計	
		Share capital	Share premium	Share option reserves	Convertible notes equity reserves	Merger reserve	Hotel property, plant and equipment revaluation reserve	Exchange reserve	Statutory reserve	Retained profits	Proposed dividend	Total		
		股本	股份溢價	購股權儲備	可換股票據權益儲備	合併儲備	酒店物業、廠房及設備重估儲備	匯兌儲備	法定儲備	保留盈利	擬派股息	總計		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2006	於二零零六年一月一日的結餘	6,403	181,706	-	-	89,936	(2,326)	(17,963)	68	62,859	11,526	332,209	7,976	340,185
Net income recognised directly in equity	於權益直接確認的淨收入													
- Translation	- 折算	-	-	-	-	-	-	10,173	-	-	-	10,173	426	10,599
- Share of associate's translation	- 應佔聯營公司折算	-	-	-	-	-	-	3,801	-	-	-	3,801	-	3,801
Profit for the year	本年度盈利	-	-	-	-	-	-	-	-	73,316	-	73,316	3,834	77,150
Total recognised income and expense for the year	本年度確認的總收入及開支	-	-	-	-	-	-	13,974	-	73,316	-	87,290	4,260	91,550
Transfer	轉撥	-	-	-	-	-	-	-	4,717	(4,481)	-	236	(236)	-
Share of associate's statutory reserve	應佔聯營公司法定儲備	-	-	-	-	-	-	-	1,561	(1,561)	-	-	-	-
Employee share based compensation (note 28)	以股份支付的僱員賠償 (附註28)	-	-	7,628	-	-	-	-	-	-	-	7,628	-	7,628
Arising from issue of ordinary shares as 2005 scrip dividend (note 27(a))	因二零零五年以股代息計劃發行普通股而產生(附註27(a))	82	5,033	-	-	-	-	-	-	-	-	5,115	-	5,115
Arising from issue of ordinary shares on subscription (note 27(b))	因認購事項發行普通股而產生(附註27(b))	650	38,350	-	-	-	-	-	-	-	-	39,000	-	39,000
Share issue expenses	股份發行開支	-	(1,446)	-	-	-	-	-	-	-	-	(1,446)	-	(1,446)
Dividend paid relating to 2005 final dividend	有關二零零五年末期股息已付股息	-	-	-	-	-	-	-	-	-	(11,526)	(11,526)	-	(11,526)
Dividend paid to minority shareholders	已付少數股東的股息	-	-	-	-	-	-	-	-	-	-	-	(1,346)	(1,346)
Proposed final dividend	擬派末期股息	-	-	-	-	-	-	-	-	(7,135)	7,135	-	-	-
Balance at 31 December 2006	於二零零六年十二月三十一日的結餘	7,135	223,643	7,628	-	89,936	(2,326)	(3,989)	6,346	122,998	7,135	458,506	10,654	469,160

Consolidated Statement of Changes in Equity (Cont'd)

綜合權益變動表(續)

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Equity attributable to the equity holders of the Company										Minority interests	Total	
		本公司權益持有人應佔權益										少數股東權益	總計	
		Share capital	Share premium	Share option reserves	Convertible notes equity reserves	Merger reserve	Hotel property, plant and equipment revaluation reserve	Exchange reserve	Statutory reserve	Retained profits	Proposed dividend	Total		
		股本	股份溢價	儲備	可換股權	合併儲備	酒店物業、廠房及設備重估儲備	匯兌儲備	法定儲備	保留盈利	擬派股息	總計		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日的結餘	7,135	223,643	7,628	-	89,936	(2,326)	(3,989)	6,346	122,998	7,135	458,506	10,654	469,160
Net income recognised directly in equity	於權益直接確認的淨收入	-	-	-	-	-	-	26,173	-	-	-	26,173	6,996	33,169
- Translation	- 折算	-	-	-	-	-	-	-	-	-	-	-	6,996	33,169
- Share of associate's translation	- 應佔聯營公司折算	-	-	-	-	-	-	4,939	-	-	-	4,939	-	4,939
- Share of associate's hotel property revaluation surplus	- 應佔聯營公司酒店物業重估盈餘	-	-	-	-	-	7,602	-	-	-	-	7,602	-	7,602
Profit for the year	本年度盈利	-	-	-	-	-	-	-	-	36,115	-	36,115	9,450	45,565
Total recognised income and expense for the year	本年度確認的總收入及開支	-	-	-	-	-	7,602	31,112	-	36,115	-	74,829	16,446	91,275
Transfer	轉撥	-	-	-	-	-	-	-	8,316	(6,675)	-	1,641	(1,641)	-
Share of associate's statutory reserve	應佔聯營公司法定儲備	-	-	-	-	-	-	-	2,051	(2,051)	-	-	-	-
Minority interest arising from partial disposal of interests in subsidiaries	因出售附屬公司部分權益而產生的少數股東權益	-	-	-	-	-	-	-	-	-	-	-	49,628	49,628
Fair value adjustment on initial recognition of loans from minority shareholders	對少數股東貸款首次確認進行公允價值調整	-	-	-	-	-	-	-	-	-	-	-	17,370	17,370
Employee share based compensation (note 28)	以股份支付的僱員賠償(附註28)	-	-	6,132	-	-	-	-	-	-	-	6,132	-	6,132
Surplus on revaluation upon transfer from property, plant and equipment to investment property	物業、廠房及設備轉撥至投資物業時的重估盈餘	-	-	-	-	-	2,119	-	-	-	-	2,119	-	2,119
Arising from issue of ordinary shares on bonus issue (note 27(d))	以紅股方式發行普通股而產生(附註27(d))	143	(143)	-	-	-	-	-	-	-	-	-	-	-
Arising from issue of ordinary shares as 2006 scrip dividend (note 27(e))	因二零零六年以股代息計劃發行普通股而產生(附註27(e))	28	2,008	-	-	-	-	-	-	-	-	2,036	-	2,036
Arising from issue of ordinary shares on subscription (note 27(c))	因認購事項發行普通股而產生(附註27(c))	900	56,756	-	-	-	-	-	-	-	-	57,656	-	57,656
Arising from issue of ordinary shares upon rights issue (note 27(f))	因供股發行普通股而產生(附註27(f))	3,077	156,931	-	-	-	-	-	-	-	-	160,008	-	160,008
Share issue expenses	股份發行開支	-	(2,477)	-	-	-	-	-	-	-	-	(2,477)	-	(2,477)
Issue of convertible notes	發行可換股票據	-	-	-	3,650	-	-	-	-	-	-	3,650	-	3,650
Deferred tax liability arising on convertible notes	因可換股票據而產生的遞延稅項負債	-	-	-	(639)	-	-	-	-	-	-	(639)	-	(639)
Dividend relating to 2006 final dividend	有關二零零六年末期股息的股息	-	-	-	-	-	-	-	-	-	(7,135)	(7,135)	-	(7,135)
Dividend paid to minority shareholders	已付少數股東的股息	-	-	-	-	-	-	-	-	-	-	-	(1,600)	(1,600)
Proposed final dividend	擬派末期股息	-	-	-	-	-	-	-	-	(11,283)	11,283	-	-	-
Balance at 31 December 2007	於二零零七年十二月三十一日的結餘	11,283	436,718	13,760	3,011	89,936	7,395	27,123	16,713	139,104	11,283	756,326	90,857	847,183

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The address of the Company's registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Room 2301, 23/F, Fortis Bank Tower, 77-79 Gloucester Road, Wanchai, Hong Kong respectively.

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are set out in note 15.

The financial statements on pages 36 to 110 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements for the year ended 31 December 2007 were approved by the directors on 20 March 2008.

2. ADOPTION OF NEW AND AMENDED HKFRSs

Adoption of new and amended HKFRSs effective on or after 1 January 2007

From 1 January 2007, the Company and its subsidiaries (collectively known as the "Group") have adopted all the new and amended HKFRSs which are first effective on 1 January 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant alterations to the Group's accounting policies. As a result of the adoption of HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures", there are additional disclosures provided as follows:

The amendment to HKAS 1 introduces additional disclosure requirements to provide information in each annual financial report about the level of capital and the Group's and the Company's objectives, policies and procedures for managing capital. These new disclosures are set out in note 36 to the financial statements.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required under HKAS 32 "Financial Instruments: Disclosure and Presentation". These disclosures are provided throughout these financial statements, in particular in note 37 to the financial statements.

1. 公司資料

本公司於開曼群島註冊成立為一間獲豁免有限公司。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司註冊辦事處及主要營業地點分別為Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands及香港灣仔告士打道77-79號華比富通大廈23樓2301室。

公司的主要業務為投資控股，附屬公司的主要業務載於附註15。

載於第36至110頁的財務報表乃根據香港財務報告準則(「香港財務報告準則」)編製，此乃統稱，包括香港會計師公會(「香港會計師公會」)頒佈的所有適用個別香港財務報告準則、香港會計準則及詮釋。財務報表包括聯交所證券上市規則的適用披露規定，以及香港公司條例的披露要求。

截至二零零七年十二月三十一日止年度的財務報表已獲董事於二零零八年三月二十日通過。

2. 採納新訂及經修訂香港財務報告準則

於二零零七年一月一日或以後生效的新訂及經修訂香港財務報告準則

自二零零七年一月一日起，本公司及其附屬公司(統稱為「本集團」)已採納所有自二零零七年一月一日起始生效並與本集團相關的新訂及經修訂香港財務報告準則。採納此等新訂及經修訂香港財務報告準則並無對本集團會計政策造成重大變動。由於採納香港會計準則第1號(修訂本)「資本披露」及香港財務報告準則第7號「金融工具：披露」，故本財務報表包括下文所載的額外披露：

香港會計準則第1號的修訂條文提出額外披露規定，須於各年度財務報告中提供有關資本水平以及本集團及本公司管理資本的目標、政策及程序的資料。此等新披露事項載於財務報表附註36。

由於採納香港財務報告準則第7號，本財務報表列載的有關本集團金融工具的重要性以及由該等工具所產生的風險的性質及程度的披露，較過往根據香港會計準則第32號「金融工具：披露及列報」規定披露的資料詳盡。該等披露事項將於該等財務報表內提供，詳情載於財務報表附註37。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. ADOPTION OF NEW AND AMENDED HKFRSs (Cont'd)

Adoption of new and amended HKFRSs effective on or after 1 January 2007 (Cont'd)

The amendment to HKFRS 7 does not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The first-time application of HKAS 1 (Amendment) and HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior periods are required.

In light of the discussion of the Financial Reporting Standards Committee of the HKICPA on the scope of HKAS 12 "Income Taxes" in its September 2007 meeting and after reviewing the Group's accounting policies on land appreciation tax ("LAT") in the People's Republic of China ("PRC"), the directors of the Company decided that it is more appropriate to account for and present LAT as income tax under HKAS 12. The effect of changes in the presentation on the consolidated financial statements is summarised below:

2. 採納新訂及經修訂香港財務報告準則(續)

於二零零七年一月一日或以後生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第7號的修訂條文並無對財務報表內確認金額的分類、確認及計量造成任何重大影響。

然而，首次採納香港會計準則第1號(修訂本)及香港財務報告準則第7號並無對現金流量、淨收入或資產負債表項目引發任何往期調整。因此，概不需要對往期進行任何調整。

根據香港會計師公會財務報告準則委員會於二零零七年九月會議上就香港會計準則第12號「所得稅」的範圍進行的討論及在檢討本集團於中華人民共和國(「中國」)土地增值稅(「土地增值稅」)方面的會計政策後，本公司董事斷定，根據香港會計準則第12號，土地增值稅以所得稅顯示及呈列更為合理。該等呈列變動對綜合財務報表的影響概述如下：

		Increase/(decrease) 增加/(減少)	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Consolidated income statement for the year ended 31 December	截至十二月三十一日止年度的綜合收益表		
– Cost of sales	– 銷售成本	(7,918)	(9,141)
– Taxation	– 稅項	7,918	9,141
Net effect on profit	對盈利的影響淨額	–	–
Consolidated balance sheet as at 31 December	於十二月三十一日的綜合資產負債表		
– Deferred tax assets	– 遞延稅項資產	1,766	2,419
– Accruals, deposits received and other payables	– 應計費用、已收按金及其他應付款項	(2,603)	(2,720)
– Provision for tax	– 稅項撥備	4,369	5,139
Net effect on net assets	對資產淨值的影響淨額	–	–
Consolidated cash flow statement for the year ended 31 December	截至十二月三十一日止年度的綜合現金流量表		
– Profit before taxation	– 除稅前盈利	7,918	9,141
– Increase in accounts payables, accruals, deposit received and other payables	– 應付賬款、應計費用、已收按金及其他應付款項增加	117	(2,720)
– Income taxes paid	– 已付所得稅	8,035	6,421
Net effect on increase in cash and cash equivalents	對現金及現金等價物增加的影響淨額	–	–

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

財務報表附註(續)

2. ADOPTION OF NEW AND AMENDED HKFRSs (Cont'd)

New or amended HKFRSs that have been issued but not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2009
- ² Effective for annual periods beginning on or after 1 March 2007
- ³ Effective for annual periods beginning on or after 1 January 2008
- ⁴ Effective for annual periods beginning on or after 1 July 2008

Adoption of other accounting standards during the year

HKAS 14 "Segment Reporting"

During the year, the Group had material acquisition of investment properties to earn rental income and for capital appreciation purpose. The directors of the Company believed the property investment and leasing business will be one of the significant business and reporting segments to the Group due to the significant number of identifiable assets and revenue in this segment instead of property development and investment is the only business and reporting segment to the Group in prior years. HKAS 14 sets out the disclosure requirements that should be applied to each reportable segment based on an entity's primary reporting format. The primary reporting format for reporting segment information of an entity may be business segments or geographical segments. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Details of the new accounting policy are set out in note 3(x) and the relevant disclosures are set out in note 6.

2. 採納新訂及經修訂香港財務報告準則(續)

已頒佈但尚未生效的新訂或經修訂香港財務報告準則

本集團並無提前採納下列經已頒佈但尚未生效的香港財務報告準則。本公司董事預期，採納該等香港財務報告準則不會導致本集團財務報表產生重大財務影響。

香港會計準則第1號 (經修訂)	呈列財務報表 ¹
香港會計準則第23號 (經修訂)	借貸成本 ¹
香港財務報告準則第8號	營運分類 ¹
香港(國際財務報告準則 詮釋委員會)– 詮釋第11號	香港財務報告準則第2號 – 集團及庫存股份交易 ²
香港(國際財務報告準則 詮釋委員會)– 詮釋第12號	服務經營權安排 ³
香港(國際財務報告準則 詮釋委員會)– 詮釋第13號	顧客忠誠計劃 ⁴
香港(國際財務報告準則詮釋 委員會)– 詮釋第14號	香港會計準則第19號 – 界定福利資產的限制、 最低資金要求及其相互作用 ³

附註：

- ¹ 於二零零九年一月一日或以後開始的年度期間生效
- ² 於二零零七年三月一日或以後開始的年度期間生效
- ³ 於二零零八年一月一日或以後開始的年度期間生效
- ⁴ 於二零零八年七月一日或以後開始的年度期間生效

年內採納其他會計準則

香港會計準則第14號「分部報告」

年內，為獲取租金收入及實現資本增值，本集團作出了對投資物業的重大收購。本公司董事認為，由於有關可識別資產及收益數額巨大，物業投資及租賃業務將成為本集團的重大業務及報告分類之一，而往年物業發展及投資乃本集團的唯一業務及報告分類。根據企業的主要報告形式確定的各個應報告分類須遵循香港會計準則第14號列載的披露要求。企業報告分類資料的主要報告形式可為業務分類或地域分類。根據本集團的中期財務報告，本集團決定以主要報告形式呈列業務分類，以次要報告形式呈列地域分類。

此新訂會計政策的詳情載於附註3(x)，有關披露載於附註6。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the significant accounting policies set out below. The financial statements have been prepared on the historical cost basis except for the revaluation of investment properties, hotel properties and certain financial assets and liabilities. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

(c) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less accumulated impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3. 主要會計政策概要

(a) 編製基準

財務報表乃根據下文所載的主要會計政策編製。財務報表及按歷史成本價例編製，並就投資物業、酒店物業及若干金融資產及負債的重估作出修訂。計量標準詳載於下文會計政策中。

惟須注意，編製財務報表時採用了會計預測及假設。儘管此等預測乃根據管理層對現行事務及行動的最佳知識而作出，實際結果可能與此等預測大相徑庭。涉及較高程度的判斷或複雜度的領域，或假設及估計對財務報表而言屬重要的領域於附註4披露。

(b) 綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日止的財務報表。

(c) 附屬公司

附屬公司指本集團有權控制其財務及經營政策的所有企業，以從業務中取利。現時可予行使的潛在表決權的存在及影響，已於評估本集團有否控制另一個實體時考慮到。附屬公司乃於控制權轉移予本集團當日起計全數綜合於賬目內，並於終止控制日期起計不再綜合有關賬目。

業務合併(除合併共同控制下的實體外)採用收購會計法入賬。此須對該附屬公司的可識別資產及負債(包括附屬公司的或然負債)於收購日按公允價值進行重估(無論該等項目於收購前是否已計入該附屬公司的財務報表)。於初步確認時，附屬公司的資產及負債以其公允價值計入綜合資產負債表，並以此作為日後按本集團的會計政策進行計量的基準。

在編製綜合財務報表時，關於集團各成員公司間的交易、交易結餘及未變現收益均予對銷。除非有關交易可證明所轉讓資產出現減值，否則未變現虧損亦作對銷。

於本公司的資產負債表內，附屬公司乃按成本值扣除累計減值虧損入賬。本公司根據於結算日的已收及應收股息將附屬公司的業績列賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Cont'd)**(c) Subsidiaries (Cont'd)**

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results.

(d) Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3. 主要會計政策概要(續)**(c) 附屬公司(續)**

少數股東權益指於非本集團擁有實益權益以及按非本集團金融負債入賬的損益賬及附屬公司淨資產部分。

少數股東權益乃於綜合資產負債表中，按獨立於本公司權益持有人應佔權益的權益入賬。少數股東權益應佔損益乃於綜合收益表中作為本集團業績配置獨立呈列。

(d) 聯營公司

聯營公司是指本集團對其有重大影響，通常持有其20%至50%投票權但既非附屬公司亦非合資企業的實體。綜合財務報表中，聯營公司的投資初期以成本值確認及期後按權益會計法入賬。根據權益會計法，本集團於聯營公司的權益乃按成本值入賬，並按本集團應佔聯營公司淨資產於收購後的變動減任何可識別減值虧損而作調整，除非已分類為持作出售已出售集團之內。綜合收益表包括本集團應佔聯營公司收購後除稅後的年度業績，包括任何年內確認的於聯營公司投資相關商譽的減值虧損。

當本集團應佔聯營公司虧損相等於或超過其於該聯營公司的權益時，本集團不再確認進一步的虧損，惟其代表該聯營公司產生法律或推定責任或支付款項則除外。就此而言，本集團於聯營公司的權益乃按權益會計法所作投資的賬面值，以及任何實質上構成本集團於該聯營公司的淨投資一部分的任何長期權益。

本集團與其聯營公司進行交易的未變現收益，以本集團於聯營公司的權益為限進行對銷。除非該項交易有證據證明所轉讓的資產出現減值，否則未變現虧損亦予以對銷。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(e) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 3(p)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

(f) Property, plant and equipment

(i) Depreciation

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	2%
Leasehold improvements	10% – 20%
Motor vehicles	20%
Operating and office equipment	5% – 20%
Furniture and fixtures	20%
Hotel properties	Period of the lease terms

The assets' useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

3. 主要會計政策概要(續)

(e) 商譽

商譽是指企業合併的成本超過本集團在被收購方的可識別資產、負債和或然負債的公允價值淨額中所佔權益的部分。

商譽按成本減去累計減值虧損後列賬。商譽會分配至現金產生單位，並且每年接受減值測試(附註3(p))。

本集團在被收購方的可識別資產、負債和或然負債的公允價值淨額中所佔權益，超過企業合併的成本部分，會即時在收益表中確認。

於隨後出售附屬公司時，撥充商譽的所得數額乃作為釐定出售的盈虧多寡之用。

(f) 物業、廠房及設備

(i) 折舊

物業、廠房及設備乃按其估計可使用年期以直線法按下列年率撇銷成本或估值計提折舊：

樓宇	2%
租賃物業裝修	10% – 20%
汽車	20%
營業及辦公室設備	5% – 20%
傢俬及裝置	20%
酒店物業	租賃年期

資產的可使用年期於每個結算日檢討，並於適當時作出調整。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(f) Property, plant and equipment (Cont'd)**(ii) Measurement bases**

Property, plant and equipment, other than hotel properties, are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other cost, such as repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Hotel properties held by an associate of the Group are stated at valuation determined by external professional valuers less accumulated depreciation and impairment losses.

Changes in the value of hotel properties are dealt with as movements in the hotel property, plant and equipment revaluation reserve. If the balance of this reserve is insufficient to cover a deficit, the excess of the deficit is charged to the consolidated income statement.

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is recognised in the consolidated income statement.

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment properties comprise land held under operating lease and building held under finance lease. Land held under operating lease is classified and accounted for as investment property on a property-by-property basis. Such land held under operating lease is accounted for as if it was a finance lease.

Investment properties are measured initially at its cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated balance sheet reflect the prevailing market conditions at the balance sheet date.

Any gain or loss resulting from either a change in fair value or the sale of investment properties is immediately recognised in the consolidated income statement for the period in which they arise.

3. 主要會計政策概要(續)**(f) 物業、廠房及設備(續)****(ii) 計算基準**

物業、廠房及設備(除酒店物業外)按成本減累計折舊及減值虧損列賬。資產成本包括其購買價及將該資產達致其營運狀況及運送至某地點作其擬定用途的任何直接相關成本。其後的成本僅會於與該項目有關的未來經濟利益可能流入本集團，而該項成本能可靠計算的情況下計入資產的賬面值，或確認為一項獨立資產(倘適用)。所有其他成本(包括維修及保養)於產生期間內在綜合收益表支銷。

本集團之一間聯營公司所持有的酒店物業，乃按估值減累計折舊及減值虧損列賬。估值由外聘專業估值師釐定。

酒店物業價值的變動，乃作為酒店物業、廠房及設備重估儲備的變動處理。若該儲備的結餘不足以抵扣虧損，所超出的虧損額將於綜合收益表內支銷。

於資產被出售或廢棄時，出售的任何損益(即出售所得款項淨額與資產賬面值的差額)於綜合收益表內確認。

(g) 投資物業

持作長期租金收益或資本增值或上述兩者的物業分類為投資物業。投資物業包括根據經營租賃持有的土地及根據融資租賃持有的樓宇。根據經營租賃持有的土地按每項物業的基準以投資物業入賬；根據經營租賃持有的該等土地則按猶如融資租賃的方法入賬。

投資物業最初按其成本(包括任何直接應佔開支)計算。初步確認後，投資物業按公允價值列賬。公允價值乃由具足夠經驗的外聘專業估值師就投資物業的所在地及類別釐定。於綜合資產負債表確認的賬面值反映結算日的當時市況。

公允價值變動或出售投資物業產生的任何損益將於其產生的期間內在綜合收益表內確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(h) Properties held under development

Properties held under development for future sale are included in current assets and comprise land held under operating lease (note 3(j)(ii)) and aggregate cost of development, materials and supplies, wages and other expenses ("Development costs"). Development costs are stated at the lower of cost and net realisable value less any impairment losses. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated selling expenses.

(i) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

The cost of properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(j) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated income statement on a straight line basis over the lease terms. Lease incentives received are recognised in the consolidated income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated income statements in the period in which they are incurred.

3. 主要會計政策概要(續)

(h) 發展中物業

持作於未來出售的發展中物業列為流動資產，包括根據經營租賃持有的土地(附註(3)(j)(ii))及開發成本總額、物料及供應、工資及其他費用(「開發成本」)。開發成本按成本及可變現淨值(以較低者為準)減任何減值虧損列賬。其他開支包括(a)將發展中物業達致其現時所在地及狀況所產生的成本；及(b)就發展物業產生並有系統地分配的固定間接開支。固定間接開支為持續較為穩定的間接成本，不論發展項目的規模或數量。

可變現淨值為日常業務過程中的估計售價減估計竣工成本及估計銷售開支。

(i) 待售物業

待售物業乃按成本及可變現淨值列賬。倘本集團完成發展的物業，成本乃透過攤分未售物業佔發展項目的發展成本總額而釐定。可變現淨值為日常業務過程中的估計售價減估計銷售開支。

待售物業的成本乃由全部購買成本以及兌換成本及將存貨運至現址及於現況儲存所產生的成本所構成。

(j) 租賃

如本集團認為，一項安排賦予於一段協定期間內使用某一指定資產的權利，並以付款或連串付款作為交換，該項安排(包括交易或連串交易)為或包涵一項租賃。本集團經評估該項安排的實際內容後，釐定上述決定，並不會考慮該項安排是否屬租賃的法定形式。

(i) 作為承租人的經營租賃開支

如果本集團是以經營租賃獲得資產的使用權，則根據租賃作出的付款，按租賃期以直線法在綜合收益報表中支銷。所獲得的租賃優惠均在綜合收益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的期間內在綜合收益表中列支。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(j) Leases (Cont'd)**(ii) Classification of assets leased to the Group**

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

Leasehold interest in land is up-front payments to acquire the land use rights. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the up-front payments over the lease terms.

Leasehold interest in land is included in properties held under development and properties held for sale, of which the amortisation of prepaid land lease is capitalised as part of the building costs during the development period but charged to the consolidated income statement for completed properties.

Properties leased out under operating leases are included in investment properties in the consolidated balance sheet. The recognition of rental income is set out in note 3(u).

(k) Inventories

Inventories comprise consumable stores for own consumption which are stated at cost. Cost is determined using the weighted average method.

(l) Financial assets

Financial assets of the Group are loans and receivables and cash at bank. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

3. 主要會計政策概要(續)**(j) 租賃(續)****(ii) 本集團的資產租賃分類**

對於本集團以租賃持有的資產，如果租賃使所有權的絕大部分風險和回報轉移至本集團，有關的資產便會劃歸為以融資租賃持有；如果租賃不會使所有權的絕大部分風險和回報轉移至本集團，則劃歸為經營租賃，但下列情況除外：

土地租賃權益指收購土地使用權的首筆支付款項。該等款項乃按成本減累計攤銷及任何減值虧損列賬。首筆支付款項按租期以直線法計算攤銷予以撇銷。

發展中物業及待售物業包括土地租賃權益，當中的預繳土地租賃費攤銷會撥充發展期間的部分樓宇成本，但落成物業則會在綜合收益表內扣除。

經營租賃項下租出的物業於綜合資產負債表列入投資物業。租金收入的確認載於附註3(u)。

(k) 存貨

存貨包括供本身消耗的消耗品庫存材料，以按加權平均法釐定的成本列賬。

(l) 金融資產

本集團的金融資產乃分類為貸款及應收款項及銀行結存。當且僅當本集團成為工具合約協議的一方，所有金融資產方被確認。

倘收取投資現金流量的權利屆滿或轉讓，而所有權絕大部分風險及回報轉讓則金融資產終止確認。本公司於每個結算日評估金融資產是否出現減值的客觀證據。倘出現該等客觀證據，公司將釐定減值虧損，並按照金融資產的分類予以確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(I) Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each balance sheet date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised.

A provision for impairment on loans and receivables carried at amortised cost is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loans and receivables are impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the loans and receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

3. 主要會計政策概要(續)

(I) 金融資產(續)

貸款及應收款項

貸款及應收款項均設有固定或可確定付款金額，為非衍生工具的金融資產，並不會在活躍市場掛牌。貸款及應收款項初步按公允價值確認，其後使用實際利率法按攤銷成本減任何減值虧損計量。攤銷成本已計及任何收購折讓或溢價，以及作為實際利率及交易成本一部分的費用。

本公司於每個結算日評估貸款及應收款項是否出現減值的客觀證據。倘出現該等客觀證據，減值虧損將予以計量及確認。

如有客觀證據表明本集團將不能根據貸款及應收款項的初始條款收取所有應收金額，則將對按攤銷成本列賬的貸款及應收款項的減值作出撥備。假如債務人出現重大財務困難，可能陷入破產或進行財務重組，導致拖欠或不能付款，會被視為表明貸款及應收款項已減值。如果有客觀證據表明以攤銷成本計價的貸款及應收款項已經出現了減值虧損，資產的賬面值與估計未來的現金流量(不包括尚未出現的未來信貸虧損)以金融資產原始有效利率(即初步確認計算的有效利率)折現的現值之間差額確認虧損金額。貸款及應收款項的賬面值可通過備抵賬目沖減，虧損款額於減值產生期間在收益表中確認。

如果在以後期間，減值虧損的金額減少，且這種減少客觀上與減值確認後發生的事項相關聯，則先前確認的減值虧損可撥回，惟有關撥回不應當使該項金融資產於減值撥回當日的賬面值超過其未確認減值的攤銷成本。撥回金額於撥回產生期間在收益表中確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(m) Foreign currencies**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets or liabilities of the foreign entity and translated into the presentation currency, at the closing date.

All resulting exchange differences are recognised as a separate component of equity.

3. 主要會計政策概要(續)**(m) 外幣****(i) 功能及呈列貨幣**

本集團每個實體各自的財務報表中所列的項目均按該實體營運所在的主要經濟環境的貨幣(「功能貨幣」)計算；綜合財務報表則以港元(本公司的功能及呈列貨幣)呈列。

(ii) 交易及結餘

在合併實體的個別財務報表中，外幣交易均按交易日期當時的匯率折算為功能貨幣。結算有關交易及以外幣為單位的貨幣資產及負債按年終匯率折算而產生的外匯匯兌盈虧，於綜合收益表內確認。

以外幣按歷史成本列值的非現金項目不再另行折算。

(iii) 集團公司

功能貨幣與呈列貨幣存在差異的所有集團實體(各實體均無持有極高通脹率經濟地區的貨幣)的業績及財務狀況，乃按下列方式折算為呈列貨幣：

- (1) 每份資產負債表呈列的資產及負債均按結算日的收市匯率折算；
- (2) 每份收益表的收入及開支均按平均匯率折算(除非該平均值並不合理地接近於交易日當時匯率的累積影響；在此情況下，收入及開支於交易日折算)；及
- (3) 收購一家外國實體所產生的商譽及公允價值調整已作為外國實體之資產或負債處理，並於截止日期換算為呈列貨幣。

所有匯兌差異乃獨立確認為權益成份。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Foreign currencies (Cont'd)

(iii) Group companies (Cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(n) Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

(o) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, deposits pledged against bank overdrafts less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. 主要會計政策概要(續)

(m) 外幣(續)

(iii) 集團公司(續)

於綜合賬目時，因換算於外國業務的淨投資而產生的匯兌差額列入股東權益。倘外國業務已部分處置或出售，之前列為權益的匯兌差額於收益表中確認為出售盈虧的一部分。

(n) 所得稅

所得稅包括即期稅項及遞延稅項。

即期所得稅資產及／或負債包括就當期或以往報告期間須向財政機構履行的責任或其提出的申索，而有關責任或申索於結算日仍未支付。有關責任或申索乃根據所涉及財政期間適用稅率及稅法，根據年內應課稅盈利計算。即期稅項資產或負債的所有變動於收益表中確認為稅項開支的一部分。

遞延稅項乃以負債法按財務報表所列資產及負債的賬面值與各自稅基於結算日的暫時差額計算。通常會就所有應課稅暫時差額確認遞延稅項負債。倘日後可能產生應課稅盈利用於抵銷可扣減的暫時差額、未動用稅項虧損及未動用稅項抵免，則會就所有可扣減的暫時差額、可結轉稅項虧損及其他未動用稅項抵免確認遞延稅項資產。

遞延稅項(不作貼現)按預期於結清負債或變現資產的期間應用的稅率計算，惟該等稅率於結算日須為已實施或實際上已實施。

遞延稅項資產或負債的變動於收益表確認，或如涉及直接於權益扣除或計入權益的項目則於權益內確認。

(o) 現金及現金等價物

現金及現金等價物包括銀行結存及現金，就銀行透支作出的已抵押銀行存款減按要求償還的銀行透支，乃為本集團現金管理的一部分。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(p) Impairment of assets

Goodwill, property, plant and equipment, investments in subsidiaries and interests in associates are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the rise specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. 主要會計政策概要(續)**(p) 資產減值**

本集團的商譽、物業、廠房及設備，附屬公司的投資及聯營公司的權益須進行減值測試。

商譽無論是否出現減值跡象，均須至少每年進行減值測試一次。其他所有資產，於出現任何跡象顯示賬面值可能不可收回時進行減值測試。

減值虧損按資產賬面值超出可收回金額部分即時確認為開支。可收回金額為反映市況的公允價值減出售成本與使用價值兩者的較高者。評估使用價值時，是以除稅前的折扣率計算預計未來的現金流量的現值，而該折扣率反映當時市場對金錢價值的評估及該項資產的特有風險。

為評估減值，如某類資產產生的現金流量不能大致獨立於其他資產所產生的現金流量，可收回金額按獨立產生現金流量的最細資產組別（即現金產生單位）釐定。因此，部分資產個別進行減值測試；部分則以現金產生單位的水平進行測試。商譽特別分配至預期可從相關業務合併的協同效益中獲得利益的現金產生單位，而該等現金產生單位代表本集團內部就管理用途監控商譽的最低級別。

就獲分配商譽的現金產生單位所確認的減值虧損初步計入商譽的賬面值。任何剩餘減值虧損按比例自現金產生單位的其他資產中扣除，惟資產賬面值將不會扣至低於其個別公允價值減出售成本，或使用值（如可釐定）。

商譽減值虧損不會於其後期間撥回。就其他資產而言，當用於釐定資產可收回金額的估計出現有利變動時撥回減值虧損，惟資產賬面值不得超過倘不確認減值虧損時釐定的賬面值（扣除折舊或攤銷）。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Financial liabilities

Financial liabilities include borrowings, accruals, accounts and other payables and convertible notes. They are included in balance sheet line items as borrowings under current or non-current liabilities or accounts payable, accruals, deposits received and other payables under current liabilities or convertible notes under non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Accounts and other payables

Accounts and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

3. 主要會計政策概要(續)

(q) 金融負債

金融負債包括借貸、應計費用、應付賬款及其他應付款項以及可換股票據。此等金融負債已計入資產負債表，於流動或非流動負債項下列作借貸或列作流動負債項下的應付賬款、應計費用、已收按金及其他應付款項或非流動負債項下的可換股票據。

金融負債在本集團成為工具合約協議一方時確認。所有與利息相關之支出均於收益表中確認為融資成本開支。若合約所指定的責任被解除、取消或到期時，金融負債即終止確認。

倘現有金融負債由同一貸方以大不相同的條款提供的另一項金融負債所取代，或現有負債的條款被大幅修訂，則上述替換或修訂被視為終止確認原有負債及確認新負債，兩者賬面值的差額於收益表中確認。

借貸

借貸最初按公允價值扣除已產生的交易成本確認入賬。金融負債其後按攤銷成本列賬，如扣除交易成本之後的收益與贖回價值出現差額，則於借貸期內以實際利率法在收益表中確認。

除非本集團擁有無條件權利於結算日後延遲至少十二個月清償負債，否則借貸分類為流動負債。

應付賬款及其他應付款項

應付賬款及其他應付款項最初按公允價值確認，其後使用實際利率法按攤銷成本計量。

包括權益部分的可換股票據

可按持有人選擇轉換為權益股本的可換股票據，如因轉換而發行的股份數目及於當時收取的代價價值不會變動，則列作複合式金融工具入賬，當中包括負債部分及權益部分。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(q) Financial liabilities (Cont'd)**Convertible notes that contain an equity component (Cont'd)**

Convertible note issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the call option for conversion of the note into equity, is included in equity as convertible note equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the note.

When the note is converted, the convertible note equity reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible note equity reserve is released directly to retained profits.

(r) Financial guarantee issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group or the Company issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable for a financial guarantee issued to lender in respect of borrowing to a third party, an immediate expense is recognised in the income statement on initial recognition of any deferred income. Where no consideration is received or receivable for financial guarantee issued by the Company to lenders in respect of borrowings to its subsidiaries, the amount is recognised in investments in subsidiaries as deemed capital contribution from the Company on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3. 主要會計政策概要(續)**(q) 金融負債(續)****包括權益部分的可換股票據(續)**

由本公司發行包括金融負債及權益部分的可換股票據於最初確認時分開歸類列入各自的負債及權益部分。於最初確認時，負債部分的公允價值使用類似非轉換債券的市場利率釐定。發行可換股票據所得款項與分配至負債部分的公允價值兩者的差額(即將票據轉換為權益的購股權)，列入權益作為可換股票據權益儲備。

負債部分其後使用實際利率法按攤銷成本列賬。權益部分將繼續保留於權益內，直至轉換或贖回票據為止。

倘票據獲轉換，可換股票據權益儲備及負債部分的賬面值於轉換時撥入股本及股份溢價，作為發行股份的代價。倘票據被贖回，則可換股票據權益儲備直接撥入保留盈利。

(r) 發出的財務擔保

財務擔保合約為因指定債務人未能按債務工具的條款如期付款時，發行人(或擔保人)需支付指定金額予持有人以補償其所遭受損失的合約。

倘本集團或本公司發出財務擔保，該擔保的公允價值最初確認為其他應付款項內的遞延收入。倘在發出該擔保時收取或可收取代價，該代價則根據適用於該類資產的本集團政策確認。倘就借款予第三方向借款人發出的財務擔保並無任何已收取或應收取代價，於最初確認任何遞延收入時，即時開支於收益表內確認。倘本公司就借款予其附屬公司而向借款人發出的財務擔保並無任何已收取或應收取代價，金額乃於初步確認任何遞延收入時當作本公司的出資，於附屬公司的投資中確認。

最初確認為遞延收入的擔保款額按擔保年期於收益表內攤銷為所發出的財務擔保收入。此外，倘擔保持有人可能省視擔保下的集團，及該集團的申索款額預期超過現時賬面值(即最初確認的金額減累計攤銷(如適用))，則確認撥備。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(s) Employee benefits

(i) Employee share-based payment transactions

The Group operates an equity-settled, share-based compensation plan.

All employee services received in exchange for the grant of any share-based compensation are measured at fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in consolidated income statement with a corresponding increase in share option reserves in equity. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of share options expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are vested than originally estimated.

At the time when the share options are exercised, the amount previously recognised in share option reserves will be transferred to share premium. When the share options are forfeited or are not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to retained profits.

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences are not recognised until the time of leave.

3. 主要會計政策概要(續)

(s) 僱員福利

(i) 僱員以股份支付交易

本集團設立權益結算以股份支付補償計劃。

所有為換取授予以股份支付補償的僱員服務乃按其公允價值計量。此乃參考所獲購股權多少而間接釐定，其價值於授出日期評值並排除一切非市場歸屬條件的影響(例如，盈利率及銷售增長目標)。

所有以股份支付的補償最終於綜合收益表支銷，而權益中的購股權儲備則作相應調高。如歸屬期或其他歸屬條件適用，則開支按對預期歸屬的購股權數目的最佳估計於歸屬期確認。作出有關預期變成可行使購股權的數目的假設時，會將非市場歸屬條件納入考慮。如有跡象顯示預期歸屬的購股權數目與原估計有出入，則於其後修訂估計。如最終歸屬的購股權數目少於原估計，則不就往期確認開支作出調整。

行使購股權時，購股權儲備先前確認的款項將轉撥至股份溢價。倘購股權於到期日已被放棄或仍未獲行使，先前確認的購股權儲備的款項將轉撥至保留溢利。

(ii) 短期僱員福利

僱員應享的年假權利於應計予僱員時確認。因僱員於截至結算日止提供服務而產生的年假的估計負債計提撥備。

非累計補假於休假時確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(s) Employee benefits (Cont'd)**(iii) Pension obligations**

The Group contributes to a defined contribution retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which are available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as percentages of employees' basic salaries. The retirement benefit scheme cost charged to the consolidated income statement represents contributions payable by the Group to the MPF Scheme.

Pursuant to the relevant regulations in the PRC, the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of a subsidiary in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Schemes are expensed as incurred.

The assets of the MPF Scheme and the Scheme are held separately from those of the Group in independently administered funds.

(t) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value shares that have been issued. Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefits) to the extent that they are incremental costs directly attributable to the equity transaction.

(u) Revenue recognition

Revenue arising from sale of properties held for sale are recognised when the significant risks and rewards of ownership of these properties held for sale have been transferred to the purchasers and the Group retains neither continuing involvement to the degree usually associated with ownership nor effective control over properties held for sale. The transfer of risks and rewards of ownership is evidenced by the passing of possession of properties to the buyer when the property hand-over confirmation is executed by the Group and the buyer. Deposits and instalments received from purchasers prior to this stage and pre-sale are included in current liabilities and are not recognised as revenue.

3. 主要會計政策概要(續)**(s) 僱員福利(續)****(iii) 退休金責任**

本集團遵照強制性公積金計劃條例的規定，對可供其香港僱員參與的定額供款退休福利計劃(「強積金計劃」)供款。本集團及各僱員對強積金計劃的供款乃按各僱員底薪百分比計算。自綜合收益表內扣除的退休福利計劃金即本集團對強積金計劃的應繳供款。

根據中國相關規例，本集團已參與一項地方市政府退休福利計劃(「該計劃」)；據此，本集團須對該計劃就其僱員底薪作出若干百分比的供款，以作為彼等的退休福利基金。該地方市政府承諾對中國一間附屬公司旗下全部現有及未來退休僱員承擔退休福利責任。本集團對該計劃的唯一責任，為按上述該計劃規定持續供款。本集團對該計劃的供款於產生時支銷。

強積金計劃及該計劃的資產與本集團獨立管理基金中的資產分開持有。

(t) 股本

普通股已分類為權益。股本乃按已發行股份的面值釐定。與發行股份相關的交易成本乃自股份溢價(減任何相關所得稅利益)扣減，以至成為直接撥入權益交易的成本增加。

(u) 收益確認

出售待售物業產生的收益，於該等待售物業擁有權的風險及回報經已大部分轉移至買家，而本集團不再繼續涉及一般與待售物業有關的擁有權，亦不再對待售物業具有實際控制權時確認。當本集團與買家簽立物業轉手確認書時將物業的管有權轉交買家，即屬轉移擁有權的風險及回報的憑證。於此階段及預售前向買家收取的訂金及分期款項列為流動負債，且不會確認為收益。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(u) Revenue recognition (Cont'd)

Rental income receivable under operating leases is recognised as revenue in the consolidated income statement in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the period in which they are earned.

Management fee income is recognised as revenue when the agreed services are provided.

Dividend income is recognised as revenue when the right to receive payment is established.

Interest income is recognised as revenue on a time proportion basis using the effective interest method.

(v) Borrowing costs

All borrowing costs are expensed as incurred.

(w) Related parties

A party is considered to be related to the Group if :

- (i) directly, or indirectly through one or more intermediaries, the party :
 - controls, is controlled by, or is under common control with, the Company/Group;
 - has an interest in the Company that gives it significant influence over the Company/Group;
 - has joint control over the Company/Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

3. 主要會計政策概要(續)

(u) 收益確認(續)

經營租賃項下的應收租金收入，按租期涵蓋的會計期間以平均分期款項於綜合收益表內確認為收益。租賃涉及的獎勵金於綜合收益表內確認，作為應收總租金費用淨額的組成部分。或然租金在期內賺取時確認為收入。

管理費收入於提供協定服務時確認為收益。

股息收入於收取派付款項的權利確立時確認為收益。

利息收入按時間比例以實際利率法確認為收益。

(v) 借貸成本

所有借貸成本乃於產生時列作支出。

(w) 關連人士

以下人士被視為本集團的關連人士：

- (i) 該人士直接地，或間接地透過一位或多位中介者：
 - 控制本公司／本集團，或受本公司／本集團所控制，或與本公司／本集團受共同控制；
 - 持有本公司的權益以致足以對本公司／本集團產生重大的影響力；
 - 擁有本公司／本集團的共同控制權；
- (ii) 該人士為聯營公司；
- (iii) 該人士為共同控制實體；
- (iv) 該人士為本公司或其母公司的主要管理人員；
- (v) 該人士為第(i)或(iv)項所提及的任何人士的直系家屬；
- (vi) 該人士為實體而第(iv)或(v)項所提及的任何人士直接或間接地控制或共同控制該實體，或直接或間接地對該實體構成重大影響，或直接或間接地擁有該實體的重大投票權；或
- (vii) 該人士乃本公司／本集團或與本公司／本集團有關連的實體為其僱員而設的離職後福利計劃。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Cont'd)***(x) Segment reporting**

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of investment properties, deferred tax assets, properties held under development, properties held for sale, inventories, accounts receivable, deposits paid, prepayments and other receivables, pledged bank deposits and cash at banks and in hand, and exclude unallocated corporate assets. Segment liabilities comprise operating liabilities and exclude items such as provision for tax, certain corporate borrowings and convertible notes.

Capital expenditure comprises additions to property, plant and equipment, investment properties and fair value adjustments on investment properties.

In respect of geographical segment reporting, revenue is based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated fair value of investment properties

The investment properties of the Group were stated at fair value in accordance with the accounting policy stated in note 3(g). The fair value of the investment properties are determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at respective year end are set out in note 14. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

3. 主要會計政策概要(續)**(x) 分部報告**

根據本集團的內部財務報告，本集團已決定將業務分部作為主要報告方式呈列，而地域分部則作為次要報告方式呈列。

就業務分部報告而言，未分配成本指企業開支。分部資產主要包括投資物業、遞延稅項資產、發展中物業、待售物業、存貨、應收賬款、已付按金、預付款項及其他應收款項、已抵押銀行存款及銀行結存及現金，而不包括未分配企業資產。分部負債包括營運負債，而不包括一些項目如稅項撥備、若干企業借貸及可換股票據。

資本開支包括添置物業、廠房及設備，投資物業以及投資物業的公允價值調整。

就地域分部報告而言，收益乃根據客戶所在國家呈列，總資產及資本開支乃根據資產所在地呈列。

4. 重要會計估計及判斷

估計及判斷須持續進行評估，並根據過往經驗及其他因素，包括因應情況相信為合理的對未來事件的期望作出調整。

(a) 重要會計估計及假設

本集團就未來作出估計及假設。從推算所得的會計估計通常有別於相關實際結果。以下論述有關導致資產及負債的賬面值於下個財政年度出現重大調整的重大風險估計及假設：

(i) 投資物業公允價值估計

本集團的投資物業乃根據附註3(g)所列的會計政策按公允價值列賬。投資物業的公允價值經由一間獨立合資格專業測量師行釐定，有關投資物業於各年度結算日的公允價值載於附註14。有關估值乃根據若干假設釐定，惟受不確定因素所限，並可能與實際結果出現重大差異。

Notes to the Financial Statements (Cont'd)

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(a) Critical accounting estimates and assumptions (Cont'd)

(i) Estimated fair value of investment properties (Cont'd)

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates. Details of the assumption used are set out in note 12.

(iii) Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of completed properties held for sale by using prevailing market data such as most recent sale transactions and market survey reports available from independent qualified professional surveyors, and internal estimates of costs based on quotes by suppliers.

Management's assessment of net realisable value of properties held under development requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates requires judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(iv) Impairment of accounts receivable

The Group's management assesses the collectability of accounts receivable. This estimate is based on the credit history of the Group's customers and the current market condition.

Management reassesses the impairment provision at each balance sheet date.

4. 重要會計估計及判斷(續)

(a) 重要會計估計及假設(續)

(i) 投資物業公允價值估計(續)

於作出判斷時，已考慮到主要根據於結算日當時市況及合適的資本化比率釐定的假設。有關估計會定期與實際市場數據及本集團訂立的實際交易比較。

(ii) 商譽減值

本集團按照會計政策每年一次測試商譽有否出現減值。現金產生單位的可收回額按在用值計算釐定。該等計算須作估計。所使用假設的詳情載於附註12。

(iii) 待售物業及發展中物業的可變現淨值

管理層採用最新銷售交易、獨立物業估值師提供市場調查報告等市場數據，及由內部以供應商提供的成本編製估算而釐定待出售的建成物業的可變現淨值。

管理層對待發展中物業的可變現淨值的評估須應用經調整風險折現率藉此估計此等物業未來現金流量。此等估算須根據附近地點的近期銷售交易、新物業銷售率、推廣費用(包括促銷的價格折讓)及有關預計完成物業的費用，法律和監管架構及一般市況，從而計算出預期的銷售價值。

(iv) 應收賬款減值

本集團管理層會評估應收賬款的可收回性。此估計乃根據本集團客戶的信用記錄及現時市況釐定。

管理層會於各結算日重新評估減值撥備。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Cont'd)

(b) Critical judgements in applying the entity's accounting policies**(i) Revenue recognition**

The Group has recognised revenue from sale of properties held for sale during the year as disclosed in note 5. The assessment of when an entity has transferred the significant risks and rewards of ownership to a buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer. The Group believes that its recognition basis of sales as set out in note 3(u) is appropriate and is in line with the current practice adopted in the PRC.

(ii) Taxation

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision of tax and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to LAT in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised for certain its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount on the appreciation of land value and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

During the year, the Group incurred LAT of approximately HK\$7,918,000 (2006: HK\$9,141,000) which was charged to the consolidated income statement as taxation. The directors considered the amount charged to the consolidated income statement to be adequate as this is calculated according to the method which is in compliance with the existing rules and interpretation of LAT.

4. 重要會計估計及判斷(續)**(b) 應用實體會計政策的重要判斷****(i) 收益確認**

本集團已確認來自本年度銷售待售物業的收益，並於附註5披露。在實體已將擁有權的風險及回報大部分轉移予買家的情況下，評估時須對交易情況進行審查。在許多情況下，轉移擁有權的風險及回報的同時亦向買家轉交法定所有權或移交管有權。本集團相信，其銷售確認基準(見附註3(u))乃屬適當，並符合中國現時採納的常規。

(ii) 稅項

本集團在不同司法權區繳納稅項。釐定稅項撥備的金額及支付相關稅項的時間須作出重大判斷。一般業務過程中存在多項最終稅額釐定並不確定的交易及計算。該等事項的最終稅項結果不同於最初記錄的金額時，其差額將對作出該等釐定期間的所得稅及遞延稅項撥備產生影響。

本集團須繳納中國土地增值稅。然而，中國城市不同稅務司法權區對土地增值稅的執行及結算不盡相同，而本集團尚未與中國任何地方稅務局落實其若干土地增值稅的計算及付款方法。因此，須作出重大判斷以釐定土地增值額及其相關土地增值稅。本集團根據管理層以其對稅務規則的理解作出的最佳估計，確認土地增值稅。

年內，本集團招致土地增值稅約7,918,000港元(二零零六年：9,141,000港元)，作為稅項計入綜合收益表。董事認為，計入綜合收益表的該項款額充足，因為此乃根據符合土地增值稅現有規則及詮釋的規定的方法計算。

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5. REVENUE AND OTHER INCOME

Revenue, which includes the Group's turnover, other revenue and other income recognised during the year are as follows :

5. 收益及其他收入

收益包括本集團於本年度確認的營業額、其他收益及其他收入，呈列如下：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Revenue	收益		
<u>Turnover</u>	<u>營業額</u>		
Proceeds from sale of properties held for sale	出售待售物業所得款項	175,679	201,135
Rental income	租金收入	8,881	1,293
Management fee income	管理費收入	-	5,363
		184,560	207,791
<u>Other revenue</u>	<u>其他收益</u>		
Laundry service income	洗衣服務收入	-	166
		184,560	207,957
Other income	其他收入		
Gain on partial disposal of interests in subsidiaries	出售部分附屬公司權益的收益	22,204	-
Interest income	利息收入	7,104	3,322
Exchange gain, net	匯兌收益淨額	1,078	-
Others	其他	632	819
		31,018	4,141

Notes to the Financial Statements (Cont'd)

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財務報表附註(續)

6. SEGMENT INFORMATION – GROUP

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

Property development : Property development and sale of properties
Property investment and leasing : Property rental

Inter-segment sales are charged at prevailing market prices.

6. 分類資料 – 集團

(a) 主要報告方式 – 業務分部

本集團業務分為兩個主要分部：

物業發展 : 物業發展及出售物業
物業投資及租賃 : 物業租金

分部間銷售按當時市價計算。

		2007			
		Property development	Property investment and leasing	Elimination	Total
		物業發展 HK\$'000 千港元	物業投資 及租賃 HK\$'000 千港元	對銷 HK\$'000 千港元	合計 HK\$'000 千港元
Revenue :	收益 :				
External customers	外界客戶	175,679	8,881	–	184,560
Inter-segment sales	分部間銷售	–	50	(50)	–
Total segment revenue	分部總收益	175,679	8,931	(50)	184,560
Other income	其他收入	–	14,058	–	14,058
Total revenue	總收益	175,679	22,989	(50)	198,618
Segment results	分部業績	50,222	20,769	–	70,991
Other corporate income	其他公司收入				31,018
Unallocated expenses	未分配開支				(48,724)
Finance costs	融資成本				(12,975)
Share of results of associates	應佔聯營公司業績				21,417
Profit before taxation	除稅前盈利				61,727
Taxation	稅項				(16,162)
Profit for the year	年度盈利				45,565
Segment assets	分部資產	628,622	388,255	–	1,016,877
Unallocated assets	未分配資產				312,766
Total assets	總資產				1,329,643
Segment liabilities	分部負債	244,894	115,133	–	360,027
Unallocated liabilities	未分配負債				122,433
Total liabilities	總負債				482,460
Other segment items:	其他分部項目				
Capital expenditure	資本開支				
– Segment	– 分部	–	98,827	–	98,827
– Unallocated	– 未分配				5,677
					104,504
Depreciation	折舊				
– Unallocated	– 未分配				2,392
Fair value adjustments on investment properties	投資物業的公允價值調整	–	14,058	–	14,058

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

6. SEGMENT INFORMATION – GROUP (Cont'd)

6. 分類資料 – 集團(續)

(a) Primary reporting format – business segments (Cont'd)

(a) 主要報告方式 – 業務分部(續)

		2006				
		Property development	Property investment and leasing	Other operations	Elimination	Total
		物業發展	物業投資 及租賃	其他業務	對銷	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Revenue:	收益:					
External customers	外界客戶	201,135	1,293	5,529	–	207,957
Inter-segment sales	分部間銷售	–	144	–	(144)	–
Total segment revenue	分部總收益	201,135	1,437	5,529	(144)	207,957
Other income	其他收入	–	50,620	–	–	50,620
Total revenue	總收益	201,135	52,057	5,529	(144)	258,577
Segment results	分部業績	85,860	51,445	486	–	137,791
Other corporate income	其他公司收入					4,141
Unallocated expenses	未分配開支					(34,856)
Finance costs	融資成本					(5,180)
Share of results of associates	應佔聯營公司業績					19,147
Profit before taxation	除稅前盈利					121,043
Taxation	稅項					(43,893)
Profit for the year	年度盈利					77,150
Segment assets	分部資產	195,613	180,590	–	–	376,203
Unallocated assets	未分配資產					225,919
Total assets	總資產					602,122
Segment liabilities	分部負債	106,519	8,689	–	–	115,208
Unallocated liabilities	未分配負債					17,754
Total liabilities	總負債					132,962
Other segment items :	其他分部項目					
Capital expenditure	資本開支					
– Segment	– 分部	–	6,783	–	–	6,783
– Unallocated	– 未分配					3,674
						10,457
Depreciation	折舊					
– Unallocated	– 未分配					1,429
Fair value adjustments on investment properties	投資物業的公允價值調整	–	50,620	–	–	50,620

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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6. SEGMENT INFORMATION – GROUP (Cont'd)

(b) Secondary reporting format – geographical segments

No geographical segments information is presented as the operations, major customers and assets of the Group are substantially located in the PRC.

7. FINANCE COSTS

6. 分類資料－集團(續)

(b) 次要報告方式－地域分部

由於本集團的業務、主要客戶及資產大多位於中國，故並無呈列地域分部資料。

7. 融資成本

		2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
Interest charges on borrowing which is wholly repayable within five years:	須於五年內悉數償還的借貸利息費用：		
Bank loans	銀行貸款	7,763	4,089
Bank overdrafts	銀行透支	465	1,091
Other loan	其他貸款	73	-
Imputed interest expense on loans from minority shareholders	少數股東貸款的應計利息開支	3,741	-
Interest charges on convertible notes	可換股票據的利息費用	933	-
		12,975	5,180

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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8. PROFIT BEFORE TAXATION

8. 除稅前盈利

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Profit before taxation is arrived at after charging :	除稅前盈利乃經扣除下列各項：		
Cost of properties held for sale recognised as expense	確認為開支的待售物業成本	117,028	104,027
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,392	1,429
Less: amount capitalised in properties held under development	減：撥充發展中物業資本的數額	(10)	(694)
		2,382	735
Outgoings in respect of investment properties that generated rental income during the year	有關於年內產生租金收入之投資物業的開支	1,573	395
Operating lease charges in respect of land and buildings	有關土地及樓宇的經營租賃費用	1,782	1,068
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	-	1,425
Auditors' remuneration	核數師酬金	1,150	850
Staff costs, including directors' emoluments (note 32(a)) and retirement benefits cost	員工成本(包括董事酬金(附註32(a))及退休福利金)	30,306	18,852
Employee share-based payment expense	以股份支付僱員開支	6,132	7,628
Staff redundancy cost	員工遣散費成本	-	4,083
Less: amount capitalised in properties held under development	減：撥充發展中物業資本的數額	(8,352)	(6,766)
		28,086	23,797
Amount recognised as expense for retirement benefits cost	確認為退休福利金開支的數額	1,589	977
Exchange loss, net	匯兌虧損淨額	-	39
and crediting :	並已計入：		
Exchange gain, net	匯兌收益淨額	1,078	-
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益	6	-
Fair value adjustments on investment properties (note (a))	投資物業的公允價值調整(附註(a))	14,058	50,620

Note:

(a) The amounts are included in "Other operating income" on the face of the consolidated income statement.

附註：

(a) 該金額計入綜合收益表的「其他營運收入」內。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

9. TAXATION

9. 稅項

		Group 本集團	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元 (restated) (經重列)
Notes			
附註			
Current tax – PRC			
	即期稅項 – 中國		
	– Corporate income tax	12,637	19,718
	– LAT	7,918	9,141
	– Tax refund	(6,207)	(3,866)
		14,348	24,993
	Deferred taxation (note 17)		
	遞延稅項 (附註17)	1,814	18,900
		16,162	43,893
Total tax charge for the year			
年度稅項費用總額		16,162	43,893

Notes:

- (a) The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 33% for the year (2006 : 33%).
- (b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including all finance costs and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.
- (c) According to approval documents dated 25 December 2007 issued by 蘇州高新技術產業開發國家稅務局, New Heritage Development Limited, a subsidiary of the Company, received amounts of approximately RMB6,027,000 (2006 : RMB3,979,000). The amount represented tax refund obtained by New Heritage Development Limited under the reinvestment tax refund scheme in accordance with the relevant laws and regulations in the PRC.
- (d) During the 5th session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved and would become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the deferred taxes as at 31 December 2007 that are expected to be utilised in year of 2008 and onwards have been provided at an enacted corporate tax rate of 25% (2006 : 33%).

Hong Kong profits tax is computed at the rate of 17.5% (2006 : 17.5%) on the profit for the year. No Hong Kong profits tax has been provided as the Group had no estimated assessable profit for the year (2006 : Nil).

附註:

- (a) 中國所得稅乃根據中國相關法律法規計算。年度適用所得稅稅率為33%(二零零六年: 33%)。
- (b) 根據於一九九五年一月二十七日實施的中國土地增值稅暫行條例實施細則, 所有因銷售或轉讓於中國的土地使用權、樓宇及相關設施而獲得的收益, 均須繳納土地增值稅, 稅款按土地增值額(即銷售物業所得款項減可扣減支出, 包括所有融資成本及所有物業發展開支)以累進率計算, 由30%至60%不等。銷售一般住宅物業可獲若干豁免, 惟增值額不可超過可扣減項目(定義見相關中國稅法)總額20%。銷售商用物業不會獲得豁免。
- (c) 根據蘇州高新技術產業開發國家稅務局於二零零七年十二月二十五日發出的批文, 本公司的附屬公司新繼發展有限公司收到約人民幣6,027,000元的款項(二零零六年: 人民幣3,979,000元)。該筆款項乃根據中國相關法律法規, 新繼發展有限公司根據再投資退稅計劃可得的退稅。
- (d) 於二零零七年三月十六日的第十屆全國人民代表大會第五次會議上通過中國企業所得稅法, 該所得稅法已於二零零八年一月一日起生效。新企業所得稅法提出一系列變動, 包括(但不限於)將內資及外資企業所得稅率統一為25%。因此, 預期於二零零七年十二月三十一日的遞延稅項將於二零零八年年度及以後統一, 新頒佈的企業所得稅率為25%(二零零六年: 33%)。

香港利得稅乃按年度盈利以17.5%(二零零六年: 17.5%)稅率計算。由於本集團於本年度並無任何估計應課稅盈利, 故此並無就任何香港利得稅提撥準備(二零零六年: 無)。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

9. TAXATION (Cont'd)

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows :

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
Profit before taxation	除稅前盈利	61,727	121,043
Tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	按有關稅收管轄區內對盈利適用的稅率計算除稅前盈利的稅項	19,683	37,154
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	3,844	1,205
Tax effect of non-taxable revenue	毋須課稅收益的稅務影響	(6,742)	(3,118)
Tax effect of lower tax rate used for the recognition of deferred tax	調低用於確認遞延稅項的稅率所產生的稅務影響	(3,277)	-
Tax refund	退稅	(6,207)	(3,866)
LAT charge	土地增值稅支出	7,918	9,141
Others	其他	943	3,377
Total taxation charge	稅項總額	16,162	43,893

10. DIVIDENDS

Dividends attributable to the year :

(i) Cash dividend

Proposed final cash dividend of 1 HK cent per ordinary share (2006 : 1 HK cent per ordinary share)	擬派末期現金股息每股普通股1港仙 (二零零六年：每股普通股1港仙)	11,283	7,135
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The final cash dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained profits for the year.

(ii) A bonus share dividend of 1 ordinary share per 50 ordinary shares in issue was proposed after the balance sheet date for the year ended 31 December 2006 and subsequently approved and issued during the year as set out in note 27(d). No bonus share dividend is proposed for the year ended 31 December 2007.

9. 稅項(續)

稅項開支與按適用稅率計算的會計盈利對賬如下：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元 (restated) (經重列)
Profit before taxation	除稅前盈利	61,727	121,043
Tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	按有關稅收管轄區內對盈利適用的稅率計算除稅前盈利的稅項	19,683	37,154
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	3,844	1,205
Tax effect of non-taxable revenue	毋須課稅收益的稅務影響	(6,742)	(3,118)
Tax effect of lower tax rate used for the recognition of deferred tax	調低用於確認遞延稅項的稅率所產生的稅務影響	(3,277)	-
Tax refund	退稅	(6,207)	(3,866)
LAT charge	土地增值稅支出	7,918	9,141
Others	其他	943	3,377
Total taxation charge	稅項總額	16,162	43,893

10. 股息

本年度應佔股息：

(i) 現金股息

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Proposed final cash dividend of 1 HK cent per ordinary share (2006 : 1 HK cent per ordinary share)	擬派末期現金股息每股普通股1港仙 (二零零六年：每股普通股1港仙)	11,283	7,135

結算日後的擬派末期現金股息並未於結算日確認為負債，但已列作年度的保留盈利分派。

(ii) 本公司於截至二零零六年十二月三十一日止年度的結算日後建議就每50股已發行普通股派發1股普通股作為紅股股息，其後於年內獲批准及發行(見附註27(d))。本公司並無建議派發截至二零零七年十二月三十一日止年度的紅股。

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$36,115,000 (2006: HK\$73,316,000) and on weighted average of 866,334,121 (2006: 708,117,415, as adjusted for ordinary shares issued on bonus issue and rights issue) ordinary shares in issue during the year.

In the calculation of the diluted earnings per share attributable to the equity holders of the Company for the year ended 31 December 2007, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to the equity holders of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to the equity holders of the Company for the year ended 31 December 2007 is based on the profit attributable to the equity holders of the Company of HK\$36,115,000 and on the weighted average of 866,882,894 ordinary shares outstanding during the year, being the weighted average number of ordinary shares of 866,334,121 used in basic earnings per share calculation adjusted for the effect of share options issued of 548,773.

No diluted earnings per share is calculated for the year ended 31 December 2006 since the exercise price of the Company's share options was higher than the average market price for the year.

11. 每股盈利

每股盈利乃按本公司權益持有人應佔盈利約36,115,000港元(二零零六年：73,316,000港元)及年內已發行普通股866,334,121股(二零零六年：708,117,415股，已就發行紅股及供股的已發行普通股作出調整)的加權平均數計算。

計算截至二零零七年十二月三十一日止年度的本公司權益持有人應佔每股攤薄盈利時，兌換本公司可換股票據產生的潛在股份會增加本公司權益持有人應佔每股盈利，但因有關股份具反攤薄影響，故並無入賬。因此，截至二零零七年十二月三十一日止年度的本公司權益持有人應佔每股攤薄盈利按本公司權益持有人應佔盈利約36,115,000港元及年內已發行普通股866,882,894股的加權平均數計算，即已調整已發行購股權548,773的影響而於計算每股基本盈利時所用的普通股866,334,121股的加權平均數。

由於截至二零零六年十二月三十一日止年度，本公司購股權的行使價高於年內平均市價，因此並無計算每股攤薄盈利。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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12. GOODWILL

12. 商譽

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Gross amount	總額		
Balance at 1 January and 31 December	於一月一日及十二月三十一日結餘	37,048	37,048

The goodwill at 31 December 2007 comprises mainly goodwill arising from the acquisition of New Heritage Investments Limited of approximately HK\$33,672,000.

The recoverable amount for the cash-generating units, the underlying hotel and property operations, in relation to New Heritage Investments Limited was determined based on value-in-use calculations, covering a detailed 13-year budget plan (note*) discounted at a rate of 7.83% (2006: 3.75%).

* The value-in-use calculations use cash flow projections based on a five year projection of the relevant cash-generating unit with a growth rate of 11% (2006: 10%). Cash flows beyond the five-year period are extrapolated assuming a nil growth rate.

The Group management's key assumptions for the Group have been determined based on past performance and their expectations for the market development. The weighted average growth rate used is consistent with the growth rate of Gross Domestic Products Index in the PRC. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash-generating unit.

Management also believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

Apart from the considerations described above in determining the value in use of the cash-generating units, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions.

於二零零七年十二月三十一日的商譽主要包括收購新繼企業有限公司產生的商譽約33,672,000港元。

有關新繼企業有限公司現金產生單位、相關酒店及物業業務的可收回額乃按在用價值計算，即根據詳細的13年期預算案(註*)以7.83%(二零零六年：3.75%)折讓率計算。

* 在用價值計算法使用以相關現金產生單位的五年預測為基準的現金流量預測，並按五年內的增長率為11%(二零零六年：10%)計算。五年期間以外的現金流量則按零增長率的假設推定。

本集團管理層對本集團的主要假設乃根據集團過往表現及管理層對市場發展的期望來釐定。所使用的加權平均增長率與中國的國內生產總值指數增長率相對應。所使用的貼現率則為稅前並反映了與相關現金產生單位有關的特定風險。

管理層亦相信，主要假設中任何基於可收回額的可能變動不會導致商譽賬面值超過其可收回額。

除上述釐定現金產生單位在用價值計算的約因外，本集團管理層目前並不知悉任何其他可能變動而須改變其所用主要假設的情況。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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13. PROPERTY, PLANT AND EQUIPMENT – GROUP

13. 物業、廠房及設備 – 本集團

		Buildings	Leasehold improvements	Motor vehicles	Operating and office equipment	Furniture and fixtures	Total
		樓宇	租賃物業裝修	汽車	營業及辦公室設備	傢俬及裝置	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2006	於二零零六年一月一日						
Cost	成本	12,349	1,462	2,084	20,344	665	36,904
Accumulated depreciation	累計折舊	(2,529)	(662)	(1,493)	(17,848)	(266)	(22,798)
Net book amount	賬面淨額	9,820	800	591	2,496	399	14,106
Net book value	賬面淨值						
At 1 January 2006	於二零零六年一月一日	9,820	800	591	2,496	399	14,106
Additions	添置	–	1,910	–	1,220	544	3,674
Disposals	出售	(719)	(540)	(18)	(133)	(21)	(1,431)
Depreciation	折舊	(232)	(508)	(125)	(399)	(165)	(1,429)
Exchange differences	匯兌差額	362	18	19	119	4	522
At 31 December 2006	於二零零六年十二月三十一日	9,231	1,680	467	3,303	761	15,442
At 31 December 2006	於二零零六年十二月三十一日						
Cost	成本	11,938	2,629	1,975	5,497	1,144	23,183
Accumulated depreciation	累計折舊	(2,707)	(949)	(1,508)	(2,194)	(383)	(7,741)
Net book amount	賬面淨額	9,231	1,680	467	3,303	761	15,442
Net book value	賬面淨值						
At 1 January 2007	於二零零七年一月一日	9,231	1,680	467	3,303	761	15,442
Additions	添置	–	3,595	704	756	622	5,677
Disposals	出售	–	–	(125)	(5)	(4)	(134)
Revaluation upon transfer to investment properties	轉撥至投資物業時重估	2,119	–	–	–	–	2,119
Transfer to investment properties (note 14)	轉撥至投資物業(附註14)	(4,045)	–	–	–	–	(4,045)
Depreciation	折舊	(232)	(855)	(189)	(861)	(255)	(2,392)
Exchange differences	匯兌差額	521	144	24	226	20	935
At 31 December 2007	於二零零七年十二月三十一日	7,594	4,564	881	3,419	1,144	17,602
At 31 December 2007	於二零零七年十二月三十一日						
Cost	成本	9,957	6,409	2,559	6,657	1,795	27,377
Accumulated depreciation	累計折舊	(2,363)	(1,845)	(1,678)	(3,238)	(651)	(9,775)
Net book amount	賬面淨額	7,594	4,564	881	3,419	1,144	17,602

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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13. PROPERTY, PLANT AND EQUIPMENT – GROUP (Cont'd)

Depreciation expenses have been included in:

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Consolidated balance sheet	綜合資產負債表		
– capitalised in properties held under development	– 撥充發展中物業資本	10	694
Consolidated income statement	綜合收益表		
– cost of sales	– 銷售成本	62	39
– administrative expenses	– 行政開支	2,320	696
		2,392	1,429

13. 物業、廠房及設備 – 本集團(續)

折舊開支包括在下列各項：

14. INVESTMENT PROPERTIES

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Carrying amount at 1 January	於一月一日賬面值	180,475	110,073
Additions	添置	98,827	6,783
Transfer from property, plant and equipment (note 13)	轉自物業、廠房及設備 (附註13)	4,045	–
Transfer from properties held under development on completion (note 18)	完工時轉自發展中物業 (附註18)	–	7,378
Fair value adjustments	公允價值調整	14,058	50,620
Exchange differences	匯兌差額	13,462	5,621
Carrying amount at 31 December	於十二月三十一日賬面值	310,867	180,475

14. 投資物業

At 31 December 2007, certain investment properties of approximately HK\$129,470,000 (2006: Nil) were pledged to secure certain bank loans granted to the Group (note 25(b)).

Investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2061 to 2075.

The fair value of the investment properties at 31 December 2007 was based on the valuation by DTZ Debenham Tie Leung Limited (“DTZ”), a firm of independent qualified professional surveyors. Valuations were based on the properties’ open market value on 31 December 2007. The properties have been valued by direct comparison method by making reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at the reporting date.

於二零零七年十二月三十一日，約129,470,000港元(二零零六年：無)的若干投資物業已予抵押，以擔保本集團獲授的若干銀行貸款(附註25(b))。

投資物業包括位於中國的土地租賃權益，租賃期於二零零六年起至二零七五年期間屆滿。

該等投資物業於二零零七年十二月三十一日的公允價值仍依據獨立合資格專業測量師戴德梁行有限公司(「戴德梁行」)所進行的評估。估值乃根據物業於二零零七年十二月三十一日的公開市值釐定。該等物業乃經參照於報告日期在相關市場上可資比較的销售案例以直接比較法進行估值，並於適當時資本化源自現在租約的租金收入淨額及就各有關物業於報告日期的潛在逆轉作充份撥備。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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15. INTERESTS IN SUBSIDIARIES

(a) Investments in subsidiaries

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Unlisted, at cost	非上市·按成本值	111,652	110,676
Fair value of financial guarantee granted to a subsidiary (note 35)	授予一間附屬公司的財務擔保的公允價值(附註35)	7,179	8,500
		118,831	119,176

As at 31 December 2007, the Company had direct and indirect interests in the following subsidiaries, each of which is a limited liability company :

於二零零七年十二月三十一日·本公司於下列附屬公司(均為有限公司)中直接及間接擁有權益：

Company name 公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足 普通股本/註冊資本	Attributable equity interest 應佔股本權益		Principal activities (Place of operations) 主要業務(營業地點)
			Directly 直接	Indirectly 間接	
New Heritage Corporation Limited (新澤企業有限公司)	British Virgin Islands ("BVI") 英屬維爾京群島	347 shares of US\$1 each 347股每股面值1美元	100%	-	Investment holding 投資控股
Accordcity Limited	BVI 英屬維爾京群島	102 shares of US\$1 each 102股每股面值1美元	-	100%	Investment holding 投資控股
New Heritage Development Limited 新繼發展有限公司	Hong Kong 香港	156 shares of HK\$1 each 156股每股面值1港元	-	90% (2006: 100%)	Investment holding 投資控股
New Heritage Investments Limited 新繼企業有限公司	Hong Kong 香港	6,260,000 shares of HK\$10 each 6,260,000股每股面值10港元	-	100%	Investment holding 投資控股
New Heritage Group Limited (新澤集團有限公司)	BVI 英屬維爾京群島	2 shares of US\$1 each 2股每股面值1美元	-	100%	Investment holding 投資控股
New Heritage (IP) Limited (新澤(產業)有限公司)	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Holding of trademark of the Group 持有本集團商標
New Heritage Land Limited 新澤地產有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Investment holding 投資控股
New Heritage Management Limited 新澤管理有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Administration vehicle of the Group (Hong Kong) 處理本集團行政工作(香港)
New Heritage Properties Limited 新澤物業有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Investment holding 投資控股

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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15. INTERESTS IN SUBSIDIARIES (Cont'd)

(a) Investments in subsidiaries (Cont'd)

Company name 公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足 普通股本/註冊資本	Attributable equity interest		Principal activities (Place of operations) 主要業務(營業地點)
			Directly 直接	Indirectly 間接	
Suzhou Garden Villa Development & Management Co., Ltd. 蘇州錦華苑建設發展管理有限公司	PRC 中國	US\$12,150,000 12,150,000美元	-	86% (2006: 95%)	Properties development and investment (PRC) 物業發展及投資(中國)
蘇州新繼規劃設計諮詢顧問有限公司(清盤中) (in liquidation)	PRC 中國	US\$100,000 100,000美元	-	100%	Property development and consultative service (PRC) 物業發展及諮詢服務(中國)
World Margin Limited 世謙有限公司	Hong Kong 香港	800,000 shares of HK\$1 each 800,000股每股面值1港元	-	100%	Treasury vehicle of the Group (Hong Kong) 處理本集團的財資工作(香港)
Suzhou New Heritage Wuzhong Limited 蘇州新澤地產有限公司	PRC 中國	US\$9,300,000 (2006: US\$6,500,000) 9,300,000美元 (二零零六年: 6,500,000美元)	-	54% (2006: 100%)	Properties development and investment (PRC) 物業發展及投資(中國)
Prosper View Group Limited 協朗集團有限公司	Hong Kong 香港	10,000 shares of HK\$1 each (2006: 1 share of HK\$1 each) 10,000股每股面值1港元 (二零零六年: 1股每股面值1港元)	-	46% (2006: 100%)	Investment holding 投資控股
Sunny Castle Holdings Limited	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Suzhou New Heritage GF Limited [^] 蘇州新綉地產有限公司 [^]	PRC 中國	US\$26,600,000 26,600,000美元	-	55%	Properties development and investment (PRC) 物業發展及投資(中國)
Ever Rise Group Limited [^] 興昇集團有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Eversea Enterprises Limited [^] 永海企業有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Silk Dragon Limited [^] 仁浚有限公司 [^]	HK 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Investment holding 投資控股
Everlong Investments Limited [^] 恒隆投資有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股

15. 於附屬公司的投資(續)

(a) 於附屬公司的投資(續)

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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15. INTERESTS IN SUBSIDIARIES (Cont'd)

(a) Investments in subsidiaries (Cont'd)

Company name 公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足 普通股本/註冊資本	Attributable equity interest		Principal activities (Place of operations) 主要業務(營業地點)
			Directly 直接	Indirectly 間接	
Sunny Dragon Holdings Limited [^] 旭龍控股有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Grace Gain Group Limited [^] 建晉集團有限公司 [^]	HK 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Investment holding 投資控股
Suzhou New Heritage WZA Limited [^] 蘇州新興地產有限公司 [^]	PRC 中國	US\$5,000,000 5,000,000美元	-	100%	Properties development and investment (PRC) 物業發展及投資(中國)
Grand Gateway International Limited [^] 貴通國際有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Power Castle Holdings Limited [^] 力堡控股有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Net Gold Investments Limited [^] 奧昌投資有限公司 [^]	HK 香港	1 share of HK\$1 each 1股每股面值1港元	-	100%	Investment holding 投資控股
Cortland Group Limited [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股
Healthy Castle Investments Limited [^] 康堡投資有限公司 [^]	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	-	100%	Investment holding 投資控股

[^] These subsidiaries were incorporated/established by the Group during the year.

[^] 該等附屬公司於年內由本集團註冊成立/設立。

(b) Amounts due from subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

15. 於附屬公司的投資(續)

(a) 於附屬公司的投資(續)

(b) 應收附屬公司款項

該等款項乃無抵押、免息及須於要求時償還。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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16. INTERESTS IN ASSOCIATES

16. 於聯營公司的權益

		Notes	2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
		附註		
Share of net assets	應佔淨資產	(a)	111,887	96,686
Amount due from an associate	應收一間聯營公司的款項	(b)	572	537
			112,459	97,223

Notes:

附註：

(a) Particulars of associates as at 31 December 2007 are as follows:

(a) 於二零零七年十二月三十一日聯營公司的詳情如下：

Company name 公司名稱	Place of incorporation/ establishment and operation 註冊成立/成立及營業地點	Percentage of interest held 所持權益百分比	Principal activities 主要業務
Beijing Landmark Towers Co., Ltd. 北京亮馬河大廈有限公司	PRC 中國	30.05%	Hotel ownership and property investment 擁有酒店及物業投資
China Malls Limited 中國商城有限公司	Hong Kong 香港	36%	Investment holding 投資控股

(b) The amount due is unsecured, interest free and not repayable within 12 months from the balance sheet date.

(b) 結欠款項為無擔保、免息，自結算日起計十二個月內毋須償還。

(c) Summarised financial information of associates:

(c) 聯營公司財務資料概述如下：

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Revenue	收益	287,337	244,023
Profit after taxation	稅後盈利	67,006	63,745
Non-current assets	非流動資產	542,854	513,852
Current assets	流動資產	50,743	23,816
Current liabilities	流動負債	175,267	174,484
Non-current liabilities	非流動負債	44,954	42,033

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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17. DEFERRED TAXATION

Deferred taxation is calculated under the balance sheet liability method using the applicable tax rates at balance sheet date.

The movement in deferred tax assets/(liabilities) arising from temporary differences are as follows:

17. 遞延稅項

遞延稅項乃於結算日以資產負債表負債法按適用稅率計算。

暫時差額產生的遞延稅項資產/(負債)的變動如下：

		Group			Company	
		本集團			本公司	
		Fair value	In respect	Convertible	Total	Convertible
		adjustments	of provision	notes equity		notes equity
		on investment	for LAT	reserve		reserve
		properties	有關土地	可換股票據		可換股票據
		公允價值調整	增值稅撥備	權益儲備	總計	權益儲備
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
			(restated)		(restated)	
			經重列		經重列	
Balance at 1 January 2006	於二零零六年一月一日的結餘	(5,052)	-	-	(5,052)	-
Deferred tax (charged)/credited to the income statement (note 9)	於收益表內(扣除)/撥回的遞延稅項(附註9)	(21,319)	2,419	-	(18,900)	-
Exchange differences	匯兌差額	(411)	-	-	(411)	-
Balance at 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日的結餘	(26,782)	2,419	-	(24,363)	-
Deferred tax charged to equity	於權益內扣除的遞延稅項	-	-	(639)	(639)	(639)
Deferred tax (charged)/credited to the income statement (note 9)	於收益表內(扣除)/撥回的遞延稅項(附註9)	(1,210)	(663)	59	(1,814)	59
Exchange differences	匯兌差額	(2,011)	10	-	(2,001)	-
Balance at 31 December 2007	於二零零七年十二月三十一日的結餘	(30,003)	1,766	(580)	(28,817)	(580)

The following is the analysis of the deferred taxation balances for financial reporting purposes:

就財務報告目的而言，遞延稅項結餘分析如下：

		Group		Company
		本集團		本公司
		2007	2006	2007
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Deferred tax assets	遞延稅項資產	1,766	2,419	-
Deferred tax liabilities	遞延稅項負債	(30,583)	(26,782)	(580)
		(28,817)	(24,363)	(580)

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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17. DEFERRED TAXATION (Cont'd)

The amounts of the deferred tax credit not recognised during the year are as follows :

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Tax effect of temporary differences attributable to fair value adjustments net of tax losses not recognised	公允價值調整的暫時差額的稅務影響 (扣除未確認稅項虧損)	1,112	1,912

18. PROPERTIES HELD UNDER DEVELOPMENT – GROUP

Properties held under development included leasehold interests in land located in the PRC with lease terms expiring from 2047 to 2077.

As at 31 December 2007, the carrying value of the leasehold interests in land amounted to HK\$298,045,000 (2006 : HK\$78,423,000).

As at 31 December 2007, certain leasehold interests in land of approximately HK\$42,517,000 (2006: Nil) were pledged to secure certain bank loans granted to the Group (note 25(b)).

A property held under development with carrying value of approximately HK\$7,378,000 was transferred to investment properties on completion for the year ended 31 December 2006 as the directors of the Company considered that this property was held to earn rental or capital appreciation purpose.

19. PROPERTIES HELD FOR SALE – GROUP

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2061 to 2075.

As at 31 December 2007, the carrying value of the leasehold interests in land amounted to HK\$1,639,000 (2006 : HK\$810,000).

20. INVENTORIES – GROUP

Inventories represent low value consumables carried at cost.

21. ACCOUNTS RECEIVABLE

17. 遞延稅項(續)

年內未確認遞延稅項計入款額如下:

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
		1,112	1,912

18. 發展中物業 – 本集團

發展中物業包括位於中國土地租賃期由二零四七年起至二零七七年屆滿的租賃權益。

於二零零七年十二月三十一日，該土地租賃權益的賬面值為298,045,000港元(二零零六年：78,423,000港元)。

於二零零七年十二月三十一日，約42,517,000港元(二零零六年：無)的若干土地租賃權益已就本集團獲授的若干銀行貸款予以抵押(附註25(b))。

截至二零零六年十二月三十一日止年度，賬面值約7,378,000港元的發展中物業於完工時轉為投資物業，因本公司董事認為此物業已可持作賺取租金或資本增值目的。

19. 待售物業 – 本集團

待售物業包括位於中國的土地租賃權益，租賃期由二零六一年起至二零七五年屆滿。

於二零零七年十二月三十一日，土地租賃權益的賬面值為1,639,000港元(二零零六年：810,000港元)。

20. 存貨 – 本集團

存貨指按成本值入賬的低值易耗品。

21. 應收賬款

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Accounts receivable	應收賬款	514	–
Less: Provision for impairment loss	減：減值虧損撥備	–	–
		514	–

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

財務報表附註(續)

21. ACCOUNTS RECEIVABLE (Cont'd)

Accounts receivable generally have 30 to 60 days' credit terms and no interest is charged. All accounts receivable are denominated in Renminbi. The ageing analysis of the Group's accounts receivable is as follows :

		2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
Below 30 days	30天以內	249	—
30 – 60 days	30 – 60天	129	—
61 – 90 days	61 – 90天	50	—
91 – 365 days	91 – 365天	86	—
		514	—

The carrying amount of accounts receivable is considered a reasonable approximation of fair value as this financial asset, which is measured at amortised cost, is expected to be paid within a short timescale, such that the time value of money impact is not significant.

At each balance sheet date, the Group's accounts receivable are individually determined to be impaired. The individually impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised. The accounts receivable represents rental income from leasing properties. Monthly rents are normally received in advance and sufficient rental deposits are held to minimise credit risk.

Accounts receivable that were past due but not impaired are related to independent customers that had a good track record with the Group. Based on the past experience, management believed that no impairment allowance is necessary in respect of these balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

22. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

		2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
Deposits paid and prepayments	按金及預付款項	233,872	6,377
Other receivables	其他應收款項	28,963	4,710
		262,835	11,087

21. 應收賬款(續)

應收賬款的信貸期一般為30至60天及不計息。所有應收賬款以人民幣計值。本集團應收賬款的賬齡分析如下：

應收賬款的賬面值被視為合理接近按攤銷成本列賬的金融資產的公允價值，預期於短期時間內支付，因此，並無重大的資金時值影響。

於各結算日，本集團的應收賬款個別釐定減值。個別減值應收賬款(如有)乃根據其客戶的信用記錄(如財務困難或拖欠付款及現時市況)確認。因此，已確認特定減值撥備。應收賬款指租賃物業的租金收入，每月租金通常預先收取，並持有充足的租金按金應付潛在的信貸風險。

逾期但未作減值的應收賬款乃來自與本集團有良好過往記錄的獨立客戶。根據以往經驗，由於有關應收賬款的信貸質素並沒有重大改變，管理層認為可以悉數收回結餘，故相信毋需為該等結餘作任何減值撥備。

22. 已付按金、預付款項及其他應收款項

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

22. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES (Cont'd)

Deposits paid and prepayments included the following:

- (i) A land premium of approximately HK\$137,680,000 (2006: Nil) was prepaid for an acquisition of leasehold interests in land located in the PRC.
- (ii) On 28 May 2007, the Group entered into a Convertible Note Subscription Agreement (the "Agreement I") with Key Apex Limited ("Key Apex"), a company in which Mr. Chan Bernard Charnwut, a non-executive director of the Company, is a director. Pursuant to the Agreement I, on 18 July 2007 the Group paid to Key Apex an amount of US\$5,500,000 (the "Principal") to subscribe for the Convertible Note (the "Note I").

Under the Agreement I:

- (a) The Note I is not transferable and will be mandatorily and automatically converted into 10% of the enlarged issued share capital of Key Apex within three days after the date when Key Apex has obtained the land use right certificate of a piece of land in Jiading District, Shanghai, the PRC specified in the Agreement I.
- (b) If Key Apex is unable to obtain the land use right before the maturity of the Note I, the Principal will be repaid in full to the Group.
- (c) The Principal is in substance an interest-free prepayment for the purpose of investing in an equity interest in a related company and is therefore classified as "Prepayments".

Further details of the terms and conditions of the Note I were disclosed in the circular of the Company dated 20 June 2007.

23. ACCOUNTS PAYABLE

The ageing analysis of the Group's accounts payable is as follows:

		Group 本集團	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Below 30 days	30天以內	1,110	1,205
30 – 60 days	30 – 60天	196	61
61 – 90 days	61 – 90天	160	162
91 – 365 days	91 – 365天	433	587
Over 365 days	365天以上	826	338
Rent received on behalf of landlords	代業主收取的租金	2,725	2,353
Accrued construction cost and other project-related expenses	應計建築成本及其他項目 相關開支	28,356	13,607
		31,081	15,960

22. 已付按金、預付款項及其他應收款項(續)

已付按金及預付款項列賬如下：

- (i) 約137,680,000港元(二零零六年：無)的土地款已經預付用於收購位於中國的土地的租賃權益。
- (ii) 於二零零七年五月二十八日，本集團與凱亞有限公司(「凱亞」)(本公司非執行董事陳智思先生為該公司的一名董事)訂立可換股票據認購協議(「第一份協議」)。根據第一份協議，本集團於二零零七年七月十八日已向凱亞支付款額5,500,000美元(「本金」)，以認購可換股票據(「第一批票據」)。

根據第一份協議：

- (a) 第一批票據不可轉讓，且於凱亞取得第一份協議規定的中國上海嘉定區一幅土地的土地使用權證當日後三日內，須強制自動轉換為凱亞經擴大已發行股本的10%。
- (b) 倘凱亞於第一批票據到期之前無法取得土地使用權，則須向本集團悉數償還本金。
- (c) 就透過一間關連公司投資於土地項目而言，本金本質上為免息預付款項。因此，本金按「預付款項」列賬。

第一批票據的條款及條件的詳情已於本公司二零零七年六月二十日刊發的通函中予以披露。

23. 應付賬款

本集團應付賬款的賬齡分析如下：

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

財務報表附註(續)

23. ACCOUNTS PAYABLE (Cont'd)

Notes :

- (a) Rent received on behalf of landlords comprised net rental received from tenants after netting off fee charged to them provided by external service providers.
- (b) Included in the above amounts are construction cost and other project-related expense payable amounted to approximately HK\$28,356,000 at 31 December 2007 which was accrued based on the terms of the relevant agreements and project progress and were not due for payment at 31 December 2007 (2006 : HK\$13,607,000).

23. 應付賬款(續)

附註：

- (a) 代業主收取的租金包括向租戶收取的租金，扣除外界服務供應商收取的費用後所得淨額。
- (b) 上述金額包括於二零零七年十二月三十一日應付建築成本及其他項目相關開支約28,356,000港元，為根據相關協議條款及項目進度累算，於二零零七年十二月三十一日尚未到期支付(二零零六年：13,607,000港元)。

24. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

24. 應計費用、已收按金及其他應付款項

		2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元 (restated) (經重列)
Deposits received	已收按金	5,376	2,882
Accruals and other payables	應計費用及其他應付款項	23,341	19,080
		28,717	21,962

25. BORROWINGS

25. 借貸

		2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
Borrowings wholly repayable within five years:	五年內應悉數償還之借貸：		
- Bank overdrafts	銀行透支	14,811	15,327
- Bank loans	銀行貸款	188,627	30,000
- Other loan	其他貸款	9,630	-
- Loans from minority shareholders	少數股東貸款	86,206	-
		299,274	45,327
Less: Current portion due within one year included under current liabilities	減：列為流動負債於一年內到期的即期部分	(113,727)	(25,327)
Non-current portion included under non-current liabilities	列為非流動負債的非即期部分	185,547	20,000

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

25. BORROWINGS (Cont'd)

Borrowings were repayable as follows :

		Group 本集團	2007 HK\$'000 千港元	2006 HK\$'000 千港元
		Notes 附註		
Within one year 一年內				
Bank overdrafts, unsecured	銀行透支，無抵押		14,811	101
Bank overdrafts, secured	銀行透支，有抵押	(a)	–	15,226
Bank loans, unsecured	銀行貸款，無抵押		28,000	10,000
Bank loans, secured	銀行貸款，有抵押	(b)	59,064	–
Other loan, unsecured	其他貸款，無抵押		9,630	–
Loans from a minority shareholder, unsecured	一位少數股東貸款，無抵押		2,222	–
In the second year 兩年內				
Bank loans, unsecured	銀行貸款，無抵押		15,000	10,000
Bank loans, secured	銀行貸款，有抵押	(b)	5,564	–
In the third to fifth year 三至五年				
Bank loans, unsecured	銀行貸款，無抵押		–	10,000
Bank loans, secured	銀行貸款，有抵押	(b)	80,999	–
Loans from minority shareholders, unsecured	少數股東貸款，無抵押	(c)	83,984	–
			299,274	45,327

Notes:

- (a) Bank overdrafts as at 31 December 2006 were secured by pledge of bank deposit of approximately HK\$17,975,000 of the Group.
- (b) Bank loans were secured by pledge of certain investment properties and properties held for development of the Group and pledge of bank deposits of approximately HK\$54,606,000 (2006: Nil).
- (c) Loans from minority shareholders are initially recognised at fair value and subsequently stated at amortised cost. The principal amounts of the loans were approximately HK\$97,613,000. The fair value of the loans was calculated by reference to a market interest rate ("MIR") for an equivalent loan. The fair value of the loans at the grant date was approximately HK\$80,243,000, which was calculated using cash flows discounted at MIR of 6.75% per annum. The residual amount of HK\$17,370,000 is accounted for as capital contribution from the minority shareholders, and included in minority interest.

須償還借貸如下：

附註：

- (a) 於二零零六年十二月三十一日的銀行透支由本集團為數約17,975,000港元銀行存款抵押作擔保。
- (b) 銀行貸款由本集團的若干投資物業及將作發展物業抵押以及銀行存款抵押約54,606,000港元(二零零六年：無)作擔保。
- (c) 少數股東貸款首先按公允價值確認，其後按攤銷成本列賬。貸款本金額約97,613,000港元。貸款的公允價值參考等額貸款的市場利率(「市場利率」)計算。於授出日期的貸款公允價值約80,243,000港元，乃根據現金流量按市場利率每年6.75厘折現計算。餘額17,370,000港元按少數股東注資入賬，並已計入少數股東權益。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

25. BORROWINGS (Cont'd)

The carrying amounts of the borrowings are denominated in the following currencies and have the following effective interest rates at the balance sheet date :

		2007		Group 本集團		2006	
		Interest rate per annum, effective as at 31 December 2007 於二零零七年 十二月三十一日 有效年利率		Interest rate per annum, effective as at 31 December 2006 於二零零六年 十二月三十一日 有效年利率			
		HK\$'000 千港元		HK\$'000 千港元			
Hong Kong dollars	港元	68,031	4.29% to 7.25%	45,226		3.30% to 6.75%	
United States dollars	美元	75,986	6.75%	101		8.00% to 8.25%	
Renminbi	人民幣	155,257	5.56% to 7.01%	-		N/A不適用	
		299,274		45,327			

Borrowings are under floating interest rates.

借貸賬面值乃以下列貨幣為單位計值，於結算日的實際利率如下：

借貸乃按淨動利率計息。

26. CONVERTIBLE NOTES

On 10 August 2007, the Company entered into a Convertible Notes Subscription Agreement (the "Agreement II") with Asia Financial Holdings Limited ("AFH") and Asia Insurance Company, Limited ("AICL"). Mr. Chan Bernard Charnwut, a non-executive director of the Company, is a director of AFH and AICL. Pursuant to the Agreement II, AFH and AICL agreed to acquire the convertible notes (the "Notes II") at HK\$50,000,000 and HK\$25,000,000 respectively, in total of the principal amount of HK\$75,000,000 at interest rate of 5% per annum, payable in arrear on a quarterly basis on 31 March, 30 June, 30 September and 31 December of each year between the date of issue of the Notes II and the maturity date. The maturity date is 60 months from the date of issue of the Notes II.

The Notes II are not transferable and will not be allowed for redemption before the maturity date. Unless previously converted, the Company is obliged to redeem the Notes II on the maturity date at the redemption price of 110% of the principal amount of the Notes II outstanding together with accrued interest payables.

The principal amount of HK\$35,000,000 (HK\$25,000,000 for AFH and HK\$10,000,000 for AICL) of the Notes II shall be compulsorily converted at the conversion price of HK\$1.10 within seven business days if the closing price per share of the Company is HK\$1.10 or higher for ten consecutive trading days during the period between the date of issue of the Notes II and five business days prior to the maturity date.

In addition, the Notes II can be converted by the holder into ordinary shares of the Company at any part of the principal amount of the Notes II in the multiple of HK\$25,000,000, at a conversion price of HK\$1.10 per share, at any time during the period between the date of issue of the Notes II and the maturity date.

26. 可換股票據

於二零零七年八月十日，本公司與亞洲金融集團(控股)有限公司(「亞洲金融」)及亞洲保險有限公司(「亞洲保險」)訂立可換股票據認購協議(「第二份協議」)。本公司非執行董事陳智思先生乃亞洲金融及亞洲保險的董事。根據第二份協議，亞洲金融及亞洲保險同意分別以50,000,000港元及25,000,000港元認購本金總額75,000,000港元的可換股票據(「第二批票據」)，年利率為5厘，須於第二批票據發行日期至到期日期間每年三月三十一日、六月三十日、九月三十日及十二月三十一日按季支付前期利息。自第二批票據發行日期起計60個月為為到期日。

第二批票據不可轉讓，並且在到期日前不可贖回。除之前已兌換者外，本公司有責任於到期日按已發行第二批票據本金額的110%連同產生的應付利息為贖回價贖回第二批票據。

如本公司自第二批票據發行當日至到期日前五個營業日期間連續十個交易日的每股收市價為1.10港元或以上，則本金額為35,000,000港元(亞洲金融為25,000,000港元，而亞洲保險為10,000,000港元)的第二批票據須於七個營業日內強制按1.10港元的兌換價兌換。

此外，持有人可於第二批票據發行當日至到期日期間的任何時間按每股1.10港元的兌換價將任何部分本金額的第二批票據兌換為本公司普通股份，以25,000,000港元的倍數為準。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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26. CONVERTIBLE NOTES (Cont'd)

68,181,818 is the maximum number of ordinary shares that can be converted.

Further details of the terms and conditions of the Notes II were disclosed in the announcement and circular of the Company dated 17 August 2007 and 10 September 2007 respectively.

The Notes II were issued to AFH and AICL on 15 October 2007.

The fair values of the Notes II were determined by the directors of the Company with reference to the valuation performed by Norton Appraisals Limited, a firm of independent professional valuers with appropriate qualifications and recent experiences in the valuation of similar derivative instruments with reference to market values.

The methods and assumptions applied for the valuation of the Notes II are as follows:

The fair value of the liability component was calculated based on the present value contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the market interest rate for an equivalent non-convertible notes and remaining time to maturity.

The residual amount, representing the value of the equity conversion component, is included in the equity attributable to the equity holders of the Company in convertible notes equity reserves, net of deferred taxes.

The Notes II recognised in the balance sheet are calculated as follows :

26. 可換股票據(續)

可兌換普通股份的數目上限為68,181,818股。

第二批票據的條款及條件的進一步詳情分別於本公司二零零七年八月十七日及二零零七年九月十日的公告及通函中披露。

已於二零零七年十月十五日向亞洲金融及亞洲保險發行第二批票據。

第二批票據的公允價值由本公司董事參考普敦國際評估有限公司作出的估值釐定，普敦國際評估有限公司乃擁有合適資格以及新近評估個案的獨立專業估值師，其評估基於同類型衍生工具之市場價格作參考。

第二批票據估值時所採用的方法及假設如下：

負債部分的公允價值基於合約釐定的未來現金流量按規定收益率折現的現值計算，而所規定的收益率則由等值不可換股票據的市場利率及到期日前的剩餘時間釐定。

餘額指權益轉換部分的價值，計入可換股票據權益儲備中本公司權益持有人應佔權益(扣除遞延稅項)。

於資產負債表內確認的第二批票據按如下方式計算：

		Group and Company
		本集團及本公司
		2007
		HK\$'000
		千港元
Fair value of convertible note	可換股票據的公允價值	75,000
Equity component	權益部分	(3,650)
Liability component on initial recognition	初始確認的負債部分	71,350
Interest expense	利息開支	933
Interest paid	已付利息	(801)
Liability component at 31 December	於十二月三十一日的負債部分	71,482

The effective interest rate of the liability component is 6.28% per annum. Interest expense on the Notes II is calculated using the effective interest method by applying the effective interest rate to the liability component.

負債部分的實際年利率為6.28厘。第二批票據的利息開支乃按實際利率法就負債部分以實際利率計算。

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

財務報表附註(續)

27. SHARE CAPITAL

27. 股本

		2007		2006	
	Notes	Number	HK\$'000	Number	HK\$'000
	附註	of shares	千港元	of shares	千港元
		股份數量		股份數量	
Authorised :	法定 :				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股	30,000,000,000	300,000	30,000,000,000	300,000
Issued and fully paid :	已發行及繳足 :				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股				
At 1 January	於一月一日	713,518,218	7,135	640,321,400	6,403
Issue of ordinary shares as 2005 scrip dividend	發行二零零五年以股代息普通股	(a)	-	8,196,818	82
Subscription for ordinary shares	認購普通股	(c)/(b)	90,017,210	65,000,000	650
Issue of ordinary shares on bonus issue	以紅股方式發行普通股	(d)	14,270,364	-	-
Issue of ordinary shares as 2006 scrip dividend	發行二零零六年以股代息普通股	(e)	2,750,343	-	-
Issue of ordinary shares upon rights issue	以供股方式發行普通股	(f)	307,708,550	-	-
At 31 December	於十二月三十一日	1,128,264,685	11,283	713,518,218	7,135

Notes:

附註 :

- (a) On 5 July 2006, 8,196,818 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.624 per ordinary share upon election by shareholders to receive ordinary shares in the Company in lieu of the 2005 final dividend pursuant to the scrip dividend scheme as detailed in a circular dated 30 May 2006.
- (a) 於二零零六年七月五日，已向根據二零零六年五月三十日刊發的通函所載以股代息計劃選擇收取本公司股份代替二零零五年末期股息的股東按每股普通股0.624港元的價格發行8,196,818股每股面值0.01港元的普通股。
- (b) On 28 August 2006, the Company entered into a subscription agreement with Spinnaker Global Opportunity Fund Limited ("Spinnaker"). Pursuant to which Spinnaker agreed to subscribe for 65,000,000 ordinary shares of the Company at a price of HK\$0.60 each. The subscription was completed on 20 September 2006.
- (b) 於二零零六年八月二十八日，本公司與Spinnaker Global Opportunity Fund Limited(「Spinnaker」)訂立認購協議。據此，Spinnaker同意按每股0.60港元的價格認購本公司65,000,000股普通股。該認購於二零零六年九月二十日完成。
- (c) Pursuant to the master transfer agreement dated 17 October 2006, details of which were described in note 33(a) to this consolidated financial statements, 13,380,657 and 42,535,093 ordinary shares of the Company were issued to Belbroughton Limited on 29 June 2007 and 31 August 2007 respectively at a price of HK\$0.6405 each and 34,101,460 ordinary shares of the Company were issued to Peeli Limited on 31 August 2007 at a price of HK\$0.6405 each.
- (c) 根據二零零六年十月十七日訂立的物業轉讓框架協議(詳情載於綜合財務報表附註33(a))，Belbroughton Limited分別於二零零七年六月二十九日及二零零七年八月三十一日按每股0.6405港元獲發行本公司13,380,657股及42,535,093股普通股，Peeli Limited於二零零七年八月三十一日按每股0.6405港元獲發行34,101,460股普通股。
- (d) Pursuant to an ordinary resolution passed at the Annual General Meeting held on 1 June 2007, the Company approved a bonus share of 1 ordinary share per 50 ordinary shares in issue. On 11 June 2007, 14,270,364 ordinary shares of HK\$0.01 each were issued to shareholders of the Company.
- (d) 根據二零零七年六月一日股東週年大會通過的普通決議案，本公司同意每50股已發行普通股可獲發1股普通股作為紅股。二零零七年六月十一日，本公司股東獲發行14,270,364股每股面值0.01港元的普通股。
- (e) On 4 July 2007, 2,750,343 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.74 per ordinary share upon election by shareholders to receive ordinary shares in the Company in lieu of the 2006 final dividend pursuant to the scrip dividend scheme as detailed in a circular dated 4 June 2007.
- (e) 於二零零七年七月四日，在股東根據以股代息計劃(詳情載於二零零七年六月四日刊發的通函)選擇收取本公司普通股代替二零零六年末期股息後，已發行2,750,343股每股面值0.01港元的普通股，每股發行價格為0.74港元。
- (f) On 8 October 2007, 307,708,550 ordinary shares of HK\$0.01 each were issued pursuant to the rights issue at a price of HK\$0.52 per ordinary shares as detailed in a circular dated 10 September 2007 and an announcement on results of the rights issue dated 3 October 2007.
- (f) 於二零零七年十月八日，已根據供股發行307,708,550股每股面值0.01港元的普通股，每股發行價格為0.52港元，詳情載於二零零七年九月十日刊發的通函及二零零七年十月三日刊發的供股結果公告。

28. SHARE-BASED EMPLOYEE COMPENSATION

Pursuant to the written resolutions of all the then shareholders passed on 14 November 2005, the Company has conditionally adopted the Share Option Scheme (the "Scheme") for employee compensation.

The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants for their contributions to the Group and for such other purposes as the board of directors (the "Board") may approve from time to time.

Pursuant to the Scheme, the Board may, at its discretion, invite any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of the Company, its subsidiaries and associated companies; any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group or its associated companies; any consultants, professional and other advisers to each member of the Group or its associated companies (or persons, firms or companies proposed to be appointed for providing such services); any chief executives or substantial shareholders of the Company; any associates of any director, chief executive or substantial shareholder of the Company; and any employees (whether full-time or part-time) of substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories, (together, the "Participants" and each a "Participant"), to take up options ("Option(s)") to subscribe for shares at a price determined in accordance with the paragraph below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

The Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further Options will be granted but in all other respects the provisions of the Scheme shall remain in full force and effect, and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of grant.

The subscription price in respect of each share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the business day on which an offer is accepted by the grantee or if such date of acceptance by the grantee is not a business day, the immediately preceding business day;
- (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an offer is accepted by the grantee (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the shares where the Company has been listed for less than 5 business days as at the date on which an offer is accepted by the grantee); and
- (c) the nominal value of a share.

28. 以股份支付的僱員薪酬

根據當時全體股東於二零零五年十一月十四日通過的書面決議案，本公司已有條件採納購股權計劃(「該計劃」)，作為僱員薪酬。

該計劃旨在讓本公司以靈活的方法，就參與者對本集團的貢獻及董事會(「董事會」)可能不時批准的其他目的，給予參與者激勵、獎勵、酬金、報酬及/或利益。

根據該計劃，董事會可酌情邀請本公司、其附屬公司及聯營公司的任何執行或非執行董事，包括獨立非執行董事或任何僱員(不論全職或兼職)；本集團各成員公司或其聯營公司的任何僱員、執行或非執行董事所設立的全權信託的任何全權益人；本集團各成員公司或其聯營公司的諮詢人、專業人士及其他顧問(或擬委任以提供該等服務的人士、商行或公司)；本公司任何主要行政人員或主要股東；本公司任何董事、主要行政人員或主要股東的任何聯繫人；及本公司主要股東的任何僱員(不論全職或兼職)，惟董事會可全權酌情釐定有關人士是否屬於上述類別(上述人士均稱為及全稱「參與者」)，以接納購股權(「購股權」)，並根據下文確定的價格認購股份。

於釐定各參與者的資格標準時，董事會將考慮其可能酌情認為恰當的因素。

該計劃自獲採納日期起計有效期為十年，在限期後不會再授出購股權，惟在所有其他方面，該計劃的條文仍具有十足效力及作用，於該計劃期限內授出的購股權可按其授出條款繼續行使。

根據本文授出的購股權獲行使而發行的每股份份的認購價，將由董事會獨自釐定及知會參與者，而認購價最低為(以最高者為準)：

- (a) 於要約獲承授人接納的營業日(或如要約獲承授人接納當日並非營業日，則為緊接該日前的營業日)聯交所日報表所報的股份收市價；
- (b) 緊接要約獲承授人接納前五個營業日聯交所日報表所報的股份平均收市價(惟倘本公司於要約獲承授人接納前已上市的日子數少於五個營業日，則新行價應用作股份上市前期間任何營業日的收市價)；及
- (c) 一股份面價。

28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

The total number of shares, which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company shall not in aggregate exceed 64,032,140 being 10% of the total number of shares in issue on the date of commencement of dealings in the shares on the Stock Exchange ("Scheme Mandate Limit"), unless the Company obtains an approval from its shareholders. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating such 10% limit.

On 1 June 2007, an ordinary resolution regarding the refreshment of Scheme Mandate Limit was approved by the shareholders of the Company at the Annual General Meeting ("AGM"). Starting from 1 June 2007, further options to subscribe up to 71,351,821 ordinary shares of the Company, being 10% of the total number of shares in issue on the date of AGM are available to be granted under the Scheme.

Notwithstanding any other provisions of the Scheme, the maximum number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the Options granted to each participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Offer of an option ("Offer") shall be deemed to have been accepted by any Participant (the "Grantee") who accepts an Offer in accordance with the terms of the Scheme and the option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within 14 days from the date upon which the Offer is made.

All share-based employee compensation will be settled in equity.

28. 以股份支付的僱員薪酬(續)

因行使根據該計劃及本公司任何其他購股權計劃授出的所有購股權可發行的股份總數，合共不得超過64,032,140股(即股份於聯交所開始買賣當日已發行股份總數的10%(「計劃授權限額」))，惟本公司取得股東的批准則除外。計算該10%限額並不計及根據該計劃條款已失效的購股權。

於二零零七年六月一日，一項更新計劃授權限額的普通決議案於股東週年大會(「股東週年大會」)獲本公司股東批准。自二零零七年六月一日起，根據該計劃，可進一步授出認購最多達71,351,821股股份的購股權，相當於股東週年大會日期已發行股份的10%。

儘管該計劃另有任何規定，於行使該計劃及本公司任何其他購股權計劃的已授出但尚未行使的所有未行使購股權時，最多可發行的股份數目不得超過不時已發行股份總數的30%。

除非獲股東批准，於任何十二個月期間因行使授予每名參與者的購股權(包括已行使及尚未行使的購股權)而已發行及將予發行的股份總數，不得超過已發行股份總數的1%。

任何參與者(「承授人」)凡按照該計劃的條款接納購股權要約(「要約」)，即被視為接納要約，而當載有接納要約的要約書副本由承授人妥為簽署，並在本公司作出要約當日起14日內，接獲承授人在接納購股權時須向本公司支付1.00港元作為授出購股權的代價後，與要約有關的購股權即被視為已授出並生效。

所有以股份支付的僱員薪酬均將以於權益結算。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Details of the Options granted by the Company pursuant to the Scheme and the Options outstanding as at 31 December 2007 were as follows :

28. 以股份支付的僱員薪酬(續)

於二零零七年十二月三十一日，本公司根據該計劃授出而尚未行使的購股權詳情如下：

	Date of grant dd/mm/yyyy	Exercisable period dd/mm/yyyy	Number of options 購股權數量					Balance at 31 December 2007	Exercise price per share* HK\$
			Balance at 31 December 2006 and 1 January 2007	Granted during the year	Adjustment on changes in share structure during the year	Exercise during the year	Lapsed during the year		
	授出日期 日/月/年	行使期間 日/月/年	於二零零六年 十二月三十一日 及二零零七年 一月一日結餘	於年內授出	年內對股份架構 變動的調整	於年內行使	於年內失效	於二零零七年 十二月三十一日 結餘	每股行使價* 港元
Executive Directors									
執行董事									
Mr. Taochaifu Choofuang ("Mr. C.F. Tao") 陶哲甫先生	4/4/2006	10/4/2006 – 9/4/2009	5,800,000	–	388,225	–	–	6,188,225	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	165,636	–	–	3,765,636	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	–	–	3,600,000	0.524
			5,800,000	7,200,000	553,861	–	–	13,553,861	
Mr. Tao Richard ("Mr. Richard Tao") 陶家祈先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	428,353	–	–	6,828,353	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	165,636	–	–	3,765,636	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	–	–	3,600,000	0.524
			6,400,000	7,200,000	593,989	–	–	14,193,989	
Mr. Tao Paul ("Mr. Paul Tao") 陶錫祺先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	428,353	–	–	6,828,353	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	165,636	–	–	3,765,636	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	–	–	3,600,000	0.524
			6,400,000	7,200,000	593,989	–	–	14,193,989	
Mr. Kong Mui Sum Lawrence 江森森先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	428,353	–	–	6,828,353	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	165,636	–	–	3,765,636	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	–	–	3,600,000	0.524
			6,400,000	7,200,000	593,989	–	–	14,193,989	
Mr. Yim Chun Leung 嚴振亮先生	4/4/2006	10/4/2006 – 9/4/2009	6,400,000	–	428,353	–	–	6,828,353	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	3,600,000	165,636	–	–	3,765,636	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	3,600,000	–	–	–	3,600,000	0.524
			6,400,000	7,200,000	593,989	–	–	14,193,989	

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

28. 以股份支付的僱員薪酬(續)

Date of grant dd/mm/yyyy	Exercisable period dd/mm/yyyy	Number of options 購股權數量					Balance at 31 December 2007	Exercise price per share* HK\$	
		Balance at 31 December 2006 and 1 January 2007	Granted during the year	Adjustment on share structure during the year	Exercise during the year	Lapsed during the year			
授出日期 日/月/年	行使期間 日/月/年	於二零零六年十二月三十一日及二零零七年一月一日結餘	於年內授出	年內對股份架構變動的調整	於年內行使	於年內失效	於二零零七年十二月三十一日結餘	每股行使價* 港元	
Employees of the Group 本集團僱員	4/4/2006	10/4/2006 – 9/4/2009	6,116,000	–	336,257	–	(1,092,000)	5,360,257	0.806
	4/7/2007	4/7/2007 – 3/7/2010	–	5,994,000	275,785	–	–	6,269,785	0.635
	18/10/2007	18/10/2007 – 17/10/2010	–	7,966,000	–	–	–	7,966,000	0.524
			6,116,000	13,960,000	612,042	–	(1,092,000)	19,596,042	
			37,516,000	49,960,000	3,541,859	–	(1,092,000)	89,925,859	

* The exercise price and number of Options outstanding have been adjusted in accordance with the terms of the Scheme as a result of issue of ordinary shares on bonus issue (note 27(d)) and upon rights issue (note 27(f)) during the year are set out as follows:

For Options granted on 4 April 2006, 36,424,000 outstanding options exercisable at HK\$0.86 each have been adjusted to 38,861,894 options exercisable at HK\$0.806 each.

For Options granted on 4 July 2007, 23,994,000 outstanding options exercisable at HK\$0.664 each have been adjusted to 25,097,965 options exercisable at HK\$0.635 each.

* 由於以紅股方式發行普通股(附註27(d))及於供股(附註27(f))後，年內根據該計劃的條款對未行使購股權的行使價及數目進行的調整列載如下：

對於二零零六年四月四日授出的購股權，可按每股0.86港元行使的36,424,000份未行使購股權已調整為可按每股0.806港元行使的38,861,894份購股權。

對於二零零七年七月四日授出的購股權，可按每股0.664港元行使的23,994,000份未行使購股權已調整為可按每股0.635港元行使的25,097,965份購股權。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Details of the Options granted by the Company pursuant to the Scheme and the Options outstanding as at 31 December 2006 were as follows :

28. 以股份支付的僱員薪酬(續)

於二零零六年十二月三十一日，本公司根據該計劃授出的購股權及未行使購股權詳情如下：

Date of grant dd/mm/yyyy	Exercisable period dd/mm/yyyy	Number of options 購股權數目						Exercise price per share HK\$
		Balance at 1 January 2006	Granted on 4 April 2006	Exercise during the year	Lapsed during the year	Balance at 31 December 2006		
		於二零零六年 一月一日 結餘	於二零零六年 四月四日 授出	於年內行使	於年內失效	於二零零六年 十二月三十一日 的結餘	每股行使價 港元	
授出日期 日/月/年	行使日期 日/月/年							
Executive Directors								
執行董事								
Mr. C.F. Tao 陶哲甫先生	4/4/2006	10/4/2006 – 9/4/2009	-	5,800,000	-	-	5,800,000	0.86
Mr. Richard Tao 陶家祈先生	4/4/2006	10/4/2006 – 9/4/2009	-	6,400,000	-	-	6,400,000	0.86
Mr. Paul Tao 陶錫祺先生	4/4/2006	10/4/2006 – 9/4/2009	-	6,400,000	-	-	6,400,000	0.86
Mr. Kong Mui Sum Lawrence 江森森先生	4/4/2006	10/4/2006 – 9/4/2009	-	6,400,000	-	-	6,400,000	0.86
Mr Yim Chun Leung 嚴振亮先生	4/4/2006	10/4/2006 – 9/4/2009	-	6,400,000	-	-	6,400,000	0.86
Employees of the Group	4/4/2006	10/4/2006 – 9/4/2009	-	6,412,000	-	(296,000)	6,116,000	0.86
本集團僱員								
			-	37,812,000	-	(296,000)	37,516,000	

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Options outstanding and weighted average exercise price for the reporting periods presented are as follows :

		2007 二零零七年		2006 二零零六年	
		Weighted average exercise price		Weighted average exercise price	
		Number	Number	Number	Number
		加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元
Outstanding at 1 January	於一月一日未行使	37,516,000	0.86	–	–
Granted	授出	49,960,000	0.59	37,812,000	0.86
Adjustments	調整	3,541,859	–	–	–
Lapsed	失效	(1,092,000)	0.86	(296,000)	0.86
Outstanding at 31 December	於十二月三十一日未行使	89,925,859	0.68	37,516,000	0.86

Options granted on 4 April 2006 :

The fair values of Options of approximately HK\$7,628,000 granted on 4 April 2006 were determined using the Binomial Option Pricing Model. Significant inputs into the calculation included a share price on issue date of HK\$0.86 and exercise prices as illustrated above. Furthermore, the calculation took into account the expected dividend yield of 2.951% and a volatility rate of 37.04%, based on expected share price. Risk-free annual interest rate was determined at 4.39%.

The underlying expected volatility was determined with reference to the historical share price information of a company listed on the Main Board of the Stock Exchange which was engaged in similar business to the Group. The directors believe that the historical volatility rate of the Company may be overstated as the transactions of the Company's shares were unstable during the period from the date of listing on 2 December 2005 to the date of Options granted.

Options granted on 4 July 2007 :

The fair values of Options of approximately HK\$2,967,000 granted on 4 July 2007 were determined using the Binomial Option Pricing Model. Significant inputs into the calculation included a weighted average share price on issue date of HK\$0.6608 and exercise prices as illustrated above. Furthermore, the calculation took into account the expected dividend yield of 1.54% and a volatility rate of 37.78%, based on expected share price. Risk-free annual interest rate was determined at 4.265%.

The underlying expected volatility was determined with reference to the historical volatilities of the Company over one year period.

28. 以股份支付的僱員薪酬(續)

於報告期間的未行使購股權及加權平均行使價呈列如下：

		2007 二零零七年		2006 二零零六年	
		Weighted average exercise price		Weighted average exercise price	
		Number	Number	Number	Number
		加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元	加權平均 行使價 HK\$ 港元
Outstanding at 1 January	於一月一日未行使	37,516,000	0.86	–	–
Granted	授出	49,960,000	0.59	37,812,000	0.86
Adjustments	調整	3,541,859	–	–	–
Lapsed	失效	(1,092,000)	0.86	(296,000)	0.86
Outstanding at 31 December	於十二月三十一日未行使	89,925,859	0.68	37,516,000	0.86

於二零零六年四月四日授出的購股權：

於二零零六年四月四日授出的購股權的公允價值約7,628,000港元乃以二項式期權定價模式釐定。此項計算所運用的重要數據包括於發行日的股價0.86港元以及上表所述的行使價。此外，此項計算已考慮按預期股價計算的2.951%的預期股息率及37.04%的波幅。無風險年利率定為4.39厘。

相關預期波幅乃參照一家與本集團業務相近的聯交所主板上市公司的歷史股價資料釐定。董事認為，本公司的歷史波幅可能被高估，因為自二零零五年十二月二日上市日期至授出購股權當日期間，本公司的股份交易一直不穩定。

於二零零七年七月四日授出的購股權：

於二零零七年七月四日授出的購股權的公允價值約2,967,000港元乃以二項式期權定價模式釐定。此項計算所運用的重要數據包括於發行日的加權平均股價0.6608港元及上表所述的行使價。此外，此項計算已考慮按預期股價計算的1.54%的預期股息率及37.78%的波幅。無風險年利率定為4.265厘。

相關預期波幅乃參照本公司一年以上時期的歷史波幅釐定。

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財務報表附註(續)

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28. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Options granted on 18 October 2007 :

The fair values of Options of approximately HK\$3,165,000 granted on 18 October 2007 were determined using the Binomial Option Pricing Model. Significant inputs into the calculation included a weighted average share price on issue date of HK\$0.5001 and exercise prices as illustrated above. Furthermore, the calculation took into account the expected dividend yield of 2.97% and a volatility rate of 53.87%, based on expected share price. Risk-free annual interest rate was determined at 3.573%.

The underlying expected volatility was determined with reference to the historical volatilities of the Company over one year period.

In total, employee compensation expense of HK\$6,132,000 (note 8) has been included in the consolidated income statement (2006: HK\$7,628,000) for the year ended 31 December 2007, the corresponding amount of which has been credited to share option reserves (note 29). No liabilities were recognised due to share-based employee compensation.

No options were exercised and expired pursuant to the Scheme during the year.

29. RESERVES

(a) Group

		Notes	2007	2006
		附註	HK\$'000	HK\$'000
			千港元	千港元
Retained profits	保留盈利		139,104	122,998
Share premium	股份溢價	(i)	436,718	223,643
Share option reserves	購股權儲備		13,760	7,628
Convertible notes equity reserve	可換股票據權益儲備		3,011	–
Merger reserve	合併儲備	(ii)	89,936	89,936
Hotel property, plant and equipment revaluation reserve	酒店物業、廠房及設備重估儲備		7,395	(2,326)
Statutory reserve	法定儲備	(iii)	16,713	6,346
Exchange reserve	匯兌儲備		27,123	(3,989)
			733,760	444,236
Proposed final dividend	擬派末期股息		11,283	7,135
			745,043	451,371

28. 以股份支付的僱員薪酬(續)

於二零零七年十月十八日授出的購股權：

於二零零七年十月十八日授出的購股權的公允價值約3,165,000港元乃以二項式期權定價模式釐定。此項計算所運用的重要數據，包括於發行日的加權平均股價0.5001港元以及上表所述的行使價。此外，此項計算已考慮按預期股價計算的2.97%的預期股息率及53.87%的波幅。無風險年利率定為3.573厘。

相關預期波幅乃參照本公司一年以上時期的歷史波幅釐定。

截至二零零七年十二月三十一日止年度的綜合收益表中共計入6,132,000港元(附註8)的僱員薪酬開支(二零零六年：7,628,000港元)，其相應金額已計入購股權儲備(附註29)中。由於僱員薪酬以股份支付，因此概無確認任何負債。

該計劃的購股權年內概無獲行使或逾期。

29. 儲備

(a) 本集團

	Notes	2007	2006
	附註	HK\$'000	HK\$'000
		千港元	千港元
Retained profits		139,104	122,998
Share premium	(i)	436,718	223,643
Share option reserves		13,760	7,628
Convertible notes equity reserve		3,011	–
Merger reserve	(ii)	89,936	89,936
Hotel property, plant and equipment revaluation reserve		7,395	(2,326)
Statutory reserve	(iii)	16,713	6,346
Exchange reserve		27,123	(3,989)
		733,760	444,236
Proposed final dividend		11,283	7,135
		745,043	451,371

29. RESERVES (Cont'd)

(a) Group (Cont'd)

The movements of the Group's reserves for the year are presented in the consolidated statement of changes in equity of the financial statements.

- (i) Under the Companies Law, Cap.22 Law 3 of 1962, as consolidated and revised, of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (ii) The merger reserve of the Group represents the excess of the nominal value of the share capital of the subsidiaries acquired pursuant to the Group's reorganisation completed on 23 June 2005 over the nominal value of the Company's shares issued in exchange therefor.
- (iii) According to the relevant PRC Laws, companies established in the PRC are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer of this reserve must be made before the distribution of dividend to the entity's equity owners. The statutory reserve is non-distributable other than upon the liquidation of the entity.
- (iv) Of the consolidated profit attributable to equity holders of the Company of HK\$36,115,000 for the year (2006: HK\$73,316,000), profit of HK\$8,600,000 (2006: HK\$39,999,000) has been dealt with in the financial statements of the Company for the year.

29. 儲備(續)

(a) 本集團(續)

本集團儲備於年內的變動，於財務報表的綜合權益變動表中呈列。

- (i) 根據開曼群島法例第22章公司法(一九六二年第三號法例，經綜合及修訂)，股份溢價賬可分派予本公司股東，惟緊隨擬分派股息日期後，本公司有能力償還於日常業務中到期的債務。
- (ii) 本集團的合併儲備乃因在二零零五年六月二十三日完成的重組而產生，為本公司根據重組發行股份的面值與當時購入附屬公司的股本總額面值的差額。
- (iii) 根據相關中國法例，聯營公司須按中國會計規則釐定的除稅後純利，將最少10%轉撥至法定儲備，直至該儲備結餘達至聯營公司註冊資本50%，並必須於向聯營公司股東分派股息前轉撥至此儲備。法定儲備為不可分派，如聯營公司清盤則除外。
- (iv) 年內本公司股東應佔綜合盈利為36,115,000港元(二零零六年：73,316,000港元)，當中盈利8,600,000港元(二零零六年：39,999,000港元)已於本公司年度財務報表中處理。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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29. RESERVES (Cont'd)

29. 儲備(續)

(b) Company

(b) 本公司

		Share premium	Share option reserves	Convertible notes equity reserves	Contributed surplus	(Accumulated losses)/ retained profits	Proposed final dividend	Total
		股份溢價	購股權儲備	可換股票據權益儲備	實繳盈餘	(累計虧損)/ 保留盈利	末期股息	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2006	於二零零六年一月一日結餘	181,706	-	-	(22)	(18,827)	11,526	174,383
Profit for the year	本年度溢利	-	-	-	-	39,999	-	39,999
Employee share based compensation	以股份支付的僱員薪酬	-	7,628	-	-	-	-	7,628
Arising from issue of ordinary shares as 2005 scrip dividend (note 27(a))	發行二零零五年以股代息普通股而產生(附註27(a))	5,033	-	-	-	-	-	5,033
Arising from issue of ordinary shares on subscription (note 27(b))	發行認購普通股而產生(附註27(b))	38,350	-	-	-	-	-	38,350
Share issue expenses	股份發行開支	(1,446)	-	-	-	-	-	(1,446)
Dividend relating to 2005 paid	已付二零零五年股息	-	-	-	-	-	(11,526)	(11,526)
Proposed final dividend	擬派末期股息	-	-	-	-	(7,135)	7,135	-
Balance at 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日結餘	223,643	7,628	-	(22)	14,037	7,135	252,421
Profit for the year	本年度溢利	-	-	-	-	8,600	-	8,600
Employee share based compensation (note 28)	以股份支付的僱員薪酬(附註28)	-	6,132	-	-	-	-	6,132
Arising from issue of ordinary shares on bonus issue (note 27(d))	以紅股方式發行普通股而產生(附註27(d))	(143)	-	-	-	-	-	(143)
Arising from issue of ordinary shares as 2006 scrip dividend (note 27(e))	發行二零零六年以股代息普通股而產生(附註27(e))	2,008	-	-	-	-	-	2,008
Arising from issue of ordinary shares on subscription (note 27(c))	於認購時發行普通股而產生(附註27(c))	56,756	-	-	-	-	-	56,756
Arising from issue of ordinary shares upon rights issue (note 27(f))	於供股後發行普通股而產生(附註27(f))	156,931	-	-	-	-	-	156,931
Share issue expenses	股份發行開支	(2,477)	-	-	-	-	-	(2,477)
Issue of convertible notes	發行可換股票據	-	-	3,650	-	-	-	3,650
Deferred tax liability arising on convertible notes	因可換股票據而產生的遞延稅項負債	-	-	(639)	-	-	-	(639)
Dividend paid relating to 2006 final dividend	與二零零六年末期股息有關的已付股息	-	-	-	-	-	(7,135)	(7,135)
Proposed final dividend	擬派末期股息	-	-	-	-	(11,283)	11,283	-
Balance at 31 December 2007	於二零零七年十二月三十一日結餘	436,718	13,760	3,011	(22)	11,354	11,283	476,104

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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29. RESERVES (Cont'd)

(b) Company (Cont'd)

The contributed surplus of the Company represents the excess of the net asset value of the subsidiaries acquired pursuant to the Group's reorganisation completed on 23 June 2005 over the nominal value of the Company's shares issued in exchange therefor.

30. PLEDGED BANK DEPOSITS

29. 儲備(續)

(b) 本公司(續)

本公司的實繳盈餘，為本集團於二零零五年六月二十三日完成的本集團重組中，所收購附屬公司的資產淨值，超出根據重組發行股份面值的差額。

30. 已抵押銀行存款

		Notes	2007 HK\$'000 千港元	Group 本集團 2006 HK\$'000 千港元
Analysis of pledged bank deposits :	已抵押銀行存款分析 :			
Deposit pledged against banking facilities granted to the mortgagee	就受押人獲授銀行融資而抵押的存款	(a)	6,824	7,801
Deposit pledged against bank overdrafts and bank loans (note 25(a) and (b))	就本集團獲授銀行透支及銀行貸款而抵押的存款(附註25(a)及(b))	(b)	54,606	17,975
			61,430	25,776

Notes:

- (a) The bank deposits were pledged as security in favour of banks and financial institutions in the PRC which provided mortgage loan to purchasers of properties for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership and certificates of others' interest for housing ownership (collectively known as "Certificates") are granted to the property purchasers. Such charges would be released when the Certificates are granted to the property purchasers. This deposit earns interest at floating rates based on daily bank deposits rates.
- (b) The effective interest rate of short-term bank deposits are ranging from 1.88% to 2.38% (2006: 1.44% to 3.89%) and not eligible for immediate cancellation upon the settlement of pledged facilities.

附註：

- (a) 由提取按揭貸款當日起，直至置業者獲批授房屋所有權證或房屋所有權其他權證(統稱為「該等證明」)止，銀行存款已抵押予多家向置業者提供按揭貸款的國內銀行及金融機構，作為抵押品。該等抵押將於置業者獲授該等證明時解除。該存款以每日銀行存款利率，按浮動利率計息。
- (b) 短期銀行存款的有效利率為1.88厘至2.38厘(二零零六年：1.44厘至3.89厘)，並不可於償還質押融資額時立即撤銷。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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31. CASH AND CASH EQUIVALENTS

Analysis of cash and cash equivalents is as follows :

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Cash at banks and in hand	銀行結存及現金	175,701	129,472
Deposit pledged against bank overdrafts	就銀行透支而抵押的存款	-	17,975
Bank overdrafts (note 25)	銀行透支(附註25)	-	(15,327)
		175,701	132,120

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Renminbi	人民幣	76,595	73,822
United States dollar	美元	10,972	9,694

As at 31 December 2006 and 2007, cash and cash equivalents denominated in Renminbi are deposited with banks in the PRC, the conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The effective interest rate of cash at bank and bank deposits are in range of 0.5% to 5.05% and those have maturity within 30 days.

31. 現金及現金等價物

現金及現金等價物分析如下：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Cash at banks and in hand	銀行結存及現金	175,701	129,472
Deposit pledged against bank overdrafts	就銀行透支而抵押的存款	-	17,975
Bank overdrafts (note 25)	銀行透支(附註25)	-	(15,327)
		175,701	132,120

於資產負債表的現金及現金等價物，乃以下列本集團功能貨幣以外的貨幣列值：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Renminbi	人民幣	76,595	73,822
United States dollar	美元	10,972	9,694

於二零零六年及二零零七年十二月三十一日，現金及現金等價物原以人民幣為單位，並存於中國多家銀行，將該等以人民幣為單位的結存兌換為外幣乃受中國政府頒佈的外匯法規所限制。

銀行結存及銀行存款的有效利率為0.5厘至5.05厘，並於30日內到期。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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32. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

32. 董事及高級管理人員酬金

(a) Directors' emoluments

(a) 董事酬金

		Fees	Salaries, allowance and other benefit in kind 薪金、津貼及其他實物利益	Share-based payment expense 以股份支付僱員的開支	Contribution to retirement benefit scheme 退休金計劃供款	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
2006	二零零六年					
Executive directors	執行董事					
Mr. C.F. Tao	陶哲甫先生	–	736	1,166	–	1,902
Mr. Richard Tao	陶家祈先生	–	1,458	1,286	13	2,757
Mr. Paul Tao	陶錫祺先生	–	1,605	1,286	13	2,904
Mr. Kong Mui Sum Lawrence	江淼森先生	–	1,458	1,286	13	2,757
Mr. Yim Chun Leung	嚴振亮先生	–	1,458	1,286	13	2,757
		–	6,715	6,310	52	13,077
Non-executive director	非執行董事					
Mr. Chan Bernard Charnwut	陳智思先生	120	–	–	–	120
		120	–	–	–	120
Independent non-executive directors	獨立非執行董事					
Mr. Wong Gary Ka Wai	王家偉先生	180	–	–	–	180
Mr. Sun Leland Li Hsun	孫立勳先生	120	–	–	–	120
Mr. Chan Norman Enrique	陳樂文先生	120	–	–	–	120
		420	–	–	–	420
		540	6,715	6,310	52	13,617

Notes to the Financial Statements (Cont'd)

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32. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

32. 董事及高級管理人員酬金(續)

(a) Directors' emoluments (Cont'd)

(a) 董事酬金(續)

		Fees	Salaries, allowance and other benefit in kind*	Share-based payment expense	Contribution to retirement benefit scheme	Total
		董事酬金	薪金、津貼及其他實物利益*	以股份支付僱員的開支	退休金計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
2007	二零零七年					
Executive directors	執行董事					
Mr. C.F. Tao	陶哲甫先生	–	2,038	884	101	3,023
Mr. Richard Tao	陶家祈先生	–	2,664	884	131	3,679
Mr. Paul Tao	陶錫祺先生	–	2,869	884	142	3,895
Mr. Kong Mui Sum Lawrence	江淼森先生	–	2,665	884	131	3,680
Mr. Yim Chun Leung	嚴振亮先生	–	3,163	884	156	4,203
		–	13,399	4,420	661	18,480
Non-executive director	非執行董事					
Mr. Chan Bernard Charnwut	陳智思先生	126	–	–	–	126
		126	–	–	–	126
Independent non-executive directors	獨立非執行董事					
Mr. Wong Gary Ka Wai	王家偉先生	189	–	–	–	189
Mr. Sun Leland Li Hsun	孫立勳先生	126	–	–	–	126
Mr. Chan Norman Enrique	陳樂文先生	126	–	–	–	126
		441	–	–	–	441
		567	13,399	4,420	661	19,047

* These amounts include gratuity and bonuses.

* 此金額包括約滿酬金及花紅。

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006 : Nil).

年內，概無任何有關董事放棄或同意放棄任何酬金的安排(二零零六年：無)。

36,000,000 share options (note 28) were granted to the directors of the Company during the year (2006 : 31,400,000).

年內，本公司董事獲授36,000,000份購股權(附註28)(二零零六年：31,400,000)。

(b) Senior management emoluments

(b) 高級管理人員酬金

The five individuals whose emoluments were the highest in the Group for the year included five (2006: five) directors whose emoluments are reflected in the analysis presented above.

本年度本集團五名最高薪酬人士包括五名(二零零六年：五位)董事的酬金，已如上分析。

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2006 : Nil).

年內，本集團概無向董事支付任何酬金，以吸引其加盟本集團或作為加盟本集團的入職獎勵或離職補償(二零零六年：無)。

Notes to the Financial Statements (Cont'd)

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33. RELATED PARTY TRANSACTIONS

Apart from those transactions and balances with related parties disclosed elsewhere in the financial statements, the following transactions are carried out with related parties :

33. 關連人士交易

除財務報表所披露與關連人士進行的交易及往來結餘外，本集團與關連人士進行以下交易：

			Group 本集團	
		Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Acquisition of investment properties from :	向下列人士收購投資物業：			
– Ms. Tao Miriam	– 陶蘊怡女士	(a)		
– Ms. Hon Hing Tong Patricia	– 韓慶棠女士	(a)(i)	18,438	–
– Mr. Richard Tao	– 陶家祈先生	(a)(ii)	13,045	–
– Ms. Tao Yi Hou Mildred	– 陶伊皓女士	(a)(iii)	13,062	–
– Ms. Ong Ker Shing	– 王可欣女士	(a)(iv)	18,500	–
– Lakeside Consultants Limited	– 湖濱諮詢有限公司	(a)(v)	18,464	–
– Eastside Properties Limited	– 東方物業有限公司	(a)(vi)	2,198	–
– Lanick Group Limited	– 朗利集團有限公司	(a)(vii)	2,346	–
– Cosmopolitan Group Limited	– 世界性集團有限公司	(a)(viii)	2,241	–
			2,320	–
Landscaping and maintenance expenses to Suzhou New Heritage Trees & Landscaping Co., Ltd. (“SNHTL”)	支付予蘇州新繼園林綠化有限公司(「新繼園林綠化」)之美化及保養開支	(b)	–	(43)
Motor vehicle expenses to HY Automotive Holdings Limited (“HY Automotive”)	支付予HY Automotive Holdings Limited(「HY Automotive」)的汽車費用	(c)	–	(16)
Rental expenses to Fontwell Holdings Limited (“Fontwell”)	Fontwell Holdings Limited (「Fontwell」)收取的租金開支	(c)	(992)	(826)
Rental expense to Mr. Richard Tao	陶家祈先生收取的租金開支	(d)	–	(292)
Rental income from Clark Hatch Fitness Centres (Shanghai) Limited (“Clark Hatch”)	向上海克拉克海奇健身有限公司(「克拉克海奇」)收取租金收入	(d)	742	731
Management fee income	管理費收入	(e)	–	110

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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33. RELATED PARTY TRANSACTIONS (Cont'd)

- (a) On 17 October 2006, the Company and certain connected parties of the Company, namely Ms. Tao Miriam, Ms. Hon Hing Tong, Patricia, Mr. Richard Tao, Ms. Tao Yi Hou Mildred, Ms. Ong Ker Shing, Eastside Properties Limited, Cosmopolitan Group Limited, Lakeside Consultants Limited and Lanick Group Limited (collectively known as the "Vendors") entered into a master transfer agreement, pursuant to which the Company agreed to purchase 82 units of Suzhou Garden Villa (collectively known as the "Properties") from the Vendors at a consideration of RMB87,975,000. The consideration was determined with reference to the valuation of the properties of RMB103,500,000 as at 31 August 2006, estimated by DTZ. The completion of acquisition of the Properties is conditional upon fulfilment of certain conditions by the Group and the Vendors on or before 31 December 2007. During the year, the Group acquired all of the Properties at total consideration of approximately RMB91,542,000, including expenditure directly attributable to the acquisition.

Pursuant to this master transfer agreement, the Vendors or any parties directed by the Vendors agreed to subscribe for new shares of the Company for not more than 90,017,210 ordinary shares at HK\$0.6405 each. The net proceeds from the subscription after deducting related expenses will be used as the general working capital of the Group. During the year, the Company issued 90,017,210 ordinary shares at HK\$0.01 each (note 27(c)). Issue of shares on subscription were non-cash transactions for settlement of the remaining balances due to the Vendors.

- (i) Ms. Tao Miriam is the daughter of Mr. C.F. Tao.
- (ii) Ms. Hon Hing Tong Patricia is the wife of Mr. Paul Tao.
- (iii) Ms. Tao Yi Hou Mildred is the niece of Mr. C.F. Tao.
- (iv) Ms. Ong Ker Shing is the daughter of Ms. Tao Yi Hou Mildred.
- (v) Mr. Richard Tao is a director and the beneficial owner of this company.
- (vi) Mr. C.F. Tao's wife is a director and the beneficial owner of this company.
- (vii) Mr. Paul Tao is a director and the beneficial owner of this company.
- (viii) Ms. Tao Miriam is a director and the beneficial owner of this company.

33. 關連人士交易(續)

- (a) 二零零六年十月十七日，本公司及本公司若干關連人士，包括陶蘊怡女士、韓慶棠女士、陶家祈先生、陶伊皓女士、王可欣女士、東方物業有限公司、世界性集團有限公司、湖濱諮詢有限公司及朗利集團有限公司(統稱「賣方」)訂立一項物業轉讓框架協議，據此，本公司同意向賣方購買蘇州錦華苑82個單位(統稱「該等物業」)，代價為人民幣87,975,000元。該代價乃經參照戴德梁行有限公司所作該等物業於二零零六年八月三十一日的估值人民幣103,500,000元而釐定。收購該等物業的完成，須待本集團及賣方於二零零七年十二月三十一日或以前達成若干條件後，方可落實。年內，本集團以總代價約人民幣91,542,000元(包括收購直接應佔開支)收購所有該等物業。

根據該物業轉讓框架協議，賣方或任何賣方指定人士同意按每股0.6405港元認購不超過90,017,210股本公司新普通股。認購所得款項淨額扣除相關開支後，將用作本集團一般營運資金。年內，本公司按每股0.01港元向Belbroughton發行90,017,210股普通股(附註27(c))。於認購時發行股份為非現金交易，以償付結欠賣方的剩餘款項。

- (i) 陶蘊怡女士為陶哲甫先生的女兒。
- (ii) 韓慶棠女士為陶錫祺先生的妻子。
- (iii) 陶伊皓女士為陶哲甫先生的姪女。
- (iv) 王可欣女士為陶伊皓女士的女兒。
- (v) 陶家祈先生為該公司董事及實益擁有人。
- (vi) 陶哲甫先生的妻子為該公司董事及實益擁有人。
- (vii) 陶錫祺先生為該公司董事及實益擁有人。
- (viii) 陶蘊怡女士為該公司董事及實益擁有人。

33. RELATED PARTY TRANSACTIONS (Cont'd)

- (b) Mr. C.F. Tao and Mr. Paul Tao have beneficial interest in SNHTL. The sale of the investment was based on the terms mutually agreed between both parties in the ordinary course of the business. The consideration was determined at the original capital injection made by the Group. The charge on expenses by this related company was in accordance with the terms of the underlying agreements.
- (c) Mr. C.F. Tao, Mr. Richard Tao and Mr. Paul Tao have beneficial interests in HY Automotive and Fontwell. The charges by these related companies were in accordance with the terms of the underlying agreements.
- (d) The rental expense to Mr. Richard Tao, and rental income from Clark Hatch, in which Mr. Richard Tao and Mr. Paul Tao are common directors and have beneficial interests in, were in accordance with the terms of the underlying agreements.
- (e) On 9 October 2006, a subsidiary of the Company entered into a total of 48 lease management agreements with certain connected parties, namely Ms. Tao Miriam, Mr. Richard Tao, Ms. Hon Hing Tong Patricia, Cosmopolitan Group Limited, Eastside Properties Limited, Lakeside Consultants Limited and Lanick Group Limited (collectively the "Connected Parties") in respect of the provision of services relating to lease management of 48 units in Suzhou Garden Villa then owned by the Connected Parties.
- (f) Key management personnel compensation

The directors are of the opinion that the key management personnel were solely the executive directors of the Company, details of whose emoluments are set out in note 32(a) above.

33. 關連人士交易(續)

- (b) 陶哲甫先生及陶錫祺先生於新繼園林綠化中擁有實益權益。該項投資乃根據訂約雙方共同協定的條款於慣常商業過程中售出。該代價乃按本集團原定注入的股款資本釐定。該關連公司乃根據相關協議的條款收取費用。
- (c) 陶哲甫先生、陶家祈先生及陶錫祺先生於HY Automotive及Fontwell中擁有實益權益。該等關連公司乃根據相關協議的條款收取費用。
- (d) 支付予陶家祈先生的租金開支及向克拉克海奇(陶家祈先生及陶錫祺先生為共同董事)收取的租金收入均按相關協議的條款作出。
- (e) 於二零零六年十月九日，本公司的附屬公司與若干關連人士(包括陶蘊怡女士、陶家祈先生、韓慶棠女士、世界性集團有限公司、東方物業有限公司、湖濱諮詢有限公司及朗利集團有限公司)(統稱為「關連人士」)訂立合共48項租賃管理安排，內容有關就蘇州錦華苑內當時由關連人士持有的48所單位的租賃管理安排所提供的服務。
- (f) 主要管理人員薪酬

董事認為，主要管理人員僅包括本公司執行董事，薪酬詳情載於上述附註32(a)。

Notes to the Financial Statements (Cont'd)

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34. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

34. 承擔及經營租賃安排

(a) Capital commitments

(a) 資本承擔

(i) Capital commitments in respect of properties held under development for the Group

(i) 本集團有關發展中物業的資本承擔

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Contracted but not provided for	已簽約惟未撥備	117,251	73,869

(ii) Attributable share of associate's capital commitments in respect of acquisition of property, plant and equipment

(ii) 應佔聯營公司就收購物業、廠房及設備之資本承擔之部份

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Contracted but not provided for	已簽約惟未撥備	1,783	1,527

(iii) Capital commitments in respect of setting up a company in the PRC – Nanjing Shangming South Taiping Road Property Development Co. Ltd. (“Shangming”)

(iii) 就於中國成立一家公司的資本承擔 – 南京商明太平南路置業發展有限公司(「商明」)

On 10 July 2006, a subsidiary of the Company entered into the share transfer and subscription agreement, the shareholders' agreement and the equity joint venture agreement in order to establish an arrangement of investment in a jointly-controlled entity incorporated in PRC (“Joint Venture”) for the development project located in Nanjing, the PRC. After the completion of the arrangement, the Group will ultimately hold 21.6% of equity interest in the Joint Venture. The contribution of the Group to the registered capital of the Joint Venture will be RMB21,600,000. The contribution must be paid within two years from the date on which the business licence of the Joint Venture issued.

於二零零六年七月十日，本公司一家附屬公司訂立股份轉讓及認購協議、股東協議及合資經營合同，以達成於一家中國合營企業(「合營企業」)的投資安排，發展一項位於中國南京的項目。於安排達成後，本集團將最終持有合營企業21.6%股本權益。本集團對合營企業註冊資本的出資將為人民幣21,600,000元。出資額須於合營企業獲發出營業執照當日起計兩年內繳付。

On 20 October 2006, the Joint Venture, known as Shangming, was set up. No capital had been contributed by the Group up to 31 December 2007 (2006: Nil). The directors of the Company will consider to discontinue investing in Shangming as the conditions of the Joint Venture have been changed. The directors of the Company anticipate that this action will not cause any material financial impact to the Group.

合營企業(名為商明)於二零零六年十月二十日成立。截至二零零七年十二月三十一日止，本集團並無作出任何出資(二零零六年：無)。由於合營企業的狀況發生改變，本公司董事有意終止對商明的投資。本公司董事預期，這將不會對本集團造成任何重大財務影響。

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34. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Cont'd)

(b) Operating lease arrangements

- (i) The Group had future aggregate minimum lease receipts under non-cancellable operating leases which are receivable as follows :

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Not later than one year	不超過一年	10,209	5,159
Later than one year and not later than five years	一年後及不超過五年	6,192	9,604
		16,401	14,763

The Group leases out its investment properties (note 14) under operating lease arrangements which run for initial periods of less than one year to three years or expire at dates as mutually agreed between the Group and the respective tenants, without an option to renew the lease terms at the expiry date. The terms of the leases generally also require the tenants to pay security deposits.

- (ii) The Group had future aggregate minimum lease payments under non-cancellable operating leases which are payable as follows :

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Not later than one year	不超過一年	2,153	1,646
Later than one year and not later than five years	一年後及不超過五年	2,145	1,313
		4,298	2,959

The Group leases a number of properties under operating lease arrangements which run for initial periods of two years or expire at dates as mutually agreed between the Group and the respective landlords, without an option to renew the lease terms at the expiry date.

As at the year end, the Group had no contingent rentals receivable or payable.

34. 承擔及經營租賃安排(續)

(b) 經營租賃安排

- (i) 本集團根據不可撤銷經營租賃應收取的未來最低租金費用總額如下：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Not later than one year	不超過一年	10,209	5,159
Later than one year and not later than five years	一年後及不超過五年	6,192	9,604
		16,401	14,763

本集團根據經營租賃安排租出其投資物業(附註14)，初步為期少於一年至三年或按本集團與相關租客共同協定日期屆滿，並無於屆滿日更新租期的選擇權。租約條款一般亦規定租客支付保證按金。

- (ii) 本集團根據不可撤銷經營租賃應支付的未來最低租金費用總額如下：

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Not later than one year	不超過一年	2,153	1,646
Later than one year and not later than five years	一年後及不超過五年	2,145	1,313
		4,298	2,959

本集團根據經營租賃安排租賃多項物業，初步為期兩年或按本集團與相關業主共同協定日期屆滿，並無於屆滿日更新租期的選擇權。

年結日時，本集團並無任何應收及應付或然租金。

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35. FINANCIAL GUARANTEE CONTRACTS – COMPANY

The Company provided corporate guarantees to certain banks for all unsecured bank loans and overdrafts granted to a subsidiary (note 25).

The carrying amount of the fair value of the financial guarantee contracts recognised in the Company's balance sheet in accordance with HKAS 39 (Amendment) was HK\$7,179,000 as at 31 December 2007 (2006: HK\$8,500,000).

36. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as set out in the table below.

The debt-to-equity ratio at balance sheet date was as follows:

		Group 本集團	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Total debt	總負債	482,460	132,962
Add: Proposed dividend (note 10(i))	加：擬派股息 (附註10(i))	11,283	7,135
Less: Cash and cash equivalents (note 31)	減：現金及現金等價物 (附註31)	(175,701)	(132,120)
Net debt	淨負債	318,042	7,977
Total equity	總權益	847,183	469,160
Less: Proposed dividend (note 10(i))	減：擬派股息 (附註10(i))	(11,283)	(7,135)
Adjusted capital	經調整資本	835,900	462,025
Debt-to-equity ratio	負債權益比率	38%	2%

The increase in the debt-to-equity ratio during the year resulted primarily from the increase in borrowings raised for the future and existing property development projects.

35. 財務擔保合約 – 本公司

本公司就授予一間附屬公司的所有無抵押銀行貸款及透支，向若干銀行提供公司擔保(附註25)。

根據香港會計準則第39號(修訂本)在本公司資產負債表內確認的財務擔保合約的公允價值的賬面值，於二零零七年十二月三十一日為7,179,000港元(二零零六年：8,500,000港元)。

36. 資本管理政策及程序

本集團管理資本的主要目標是保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益相關方帶來利益。方法包括依照風險水平釐定產品價格，及以合理的成本提供融資渠道。

本集團根據經濟環境變動及相關資產的風險特性管理資本架構並作出調整。為維持或調整資本結構，本集團或會調整向股東派付股息的金額、發行新股份、向股東返還資本、作出新的債務融資或出售資產以減少負債。

本集團根據負債相對經調整資本比率監控資本。該比率的計算見下表。

於結算日，本集團的負債權益比率如下：

	Group 本集團	
	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Total debt	482,460	132,962
Add: Proposed dividend (note 10(i))	11,283	7,135
Less: Cash and cash equivalents (note 31)	(175,701)	(132,120)
Net debt	318,042	7,977
Total equity	847,183	469,160
Less: Proposed dividend (note 10(i))	(11,283)	(7,135)
Adjusted capital	835,900	462,025
Debt-to-equity ratio	38%	2%

年內負債權益比率上升主要是由於就現有物業發展項目增加借貸所致。

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37. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's financial assets include accounts receivable, deposits, other receivables and cash and bank balances (including pledged bank deposits). The Group's financial liabilities include accounts and other payables, deposits received, borrowings and convertible notes.

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risk, including changes in interest rates and currency exchange rates.

The Group is not actively engaged in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below. See also note 37(f) for a summary of financial assets and liabilities by category.

(a) Currency risk

The Group reports its results in Hong Kong dollars. The Group's primary foreign currency exposure arises from its property development and investment activities in the PRC. The functional currency of these operations is Renminbi and most of the financial instruments are denominated in Renminbi. The Group's exposure to credit risk is minimal.

(b) Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's floating interest rates borrowings. The Group does not actively engaged in derivative financial instruments to hedge its interest rate risk.

The following table details the interest rate profile of the Group's and the Company's borrowings at the balance sheet date.

		Group 本集團		Company 本公司		2006		2007	
		2007		2006		2007		2006	
		Effective interest rate	HK\$'000	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
		實際利率	千港元	實際利率	千港元	實際利率	千港元	實際利率	千港元
Fixed rate borrowings:	固定利率借貸：								
Loans from minority shareholders	少數股東貸款	6.75%	83,984	-	-	-	-	-	-
Convertible notes	可換股票據	6.28%	71,482	-	-	6.28%	71,482	-	-
			155,466		-		71,482		-
Variable rate borrowings:	變動利率借貸：								
Bank overdrafts	銀行透支	6.50% - 7.00%	14,811	3.30% - 8.25%	15,327	-	-	-	-
Bank loans	銀行貸款	4.29% - 7.25%	188,627	5.25% - 7.00%	30,000	-	-	-	-
Loan from minority shareholders	少數股東貸款	6.75%	2,222	-	-	-	-	-	-
Other loan	其他貸款	6.48% - 6.57%	9,630	-	-	-	-	-	-
			215,290		45,327		-		-
Total borrowings	借貸總計		370,756		45,327		71,482		-

37. 財務風險管理的政策及目標

本集團的金融資產包括應收賬款、按金、其他應收款項以及現金及銀行結餘(包括已抵押銀行存款)。本集團的金融負債包括應付賬款及其他應付款項、已收按金、借貸及可換股票據。

本集團並無明文的風險管理政策及指引。然而，董事會定期召開會議，分析及制定措施以管理本集團承受的市場風險，包括利率及匯率變動。

本集團並無積極從事以投機為目標的金融資產買賣。本集團所面對的最主要金融風險載列如下。有關金融資產及負債按類別列示的概要亦可參閱附註37(f)。

(a) 外匯風險

本集團的業績以港元呈列。本集團的主要外匯風險來自其於中國的物業發展及投資活動。該等業務的功能貨幣為人民幣，而大部分金融工具亦以人民幣列值。本集團承受的信貸風險十分輕微。

(b) 利率風險

本集團因利率變動而承受的利率風險主要與本集團的浮息借貸有關。本集團並無積極運用衍生金融工具以對沖利率風險。

下表詳細列載本集團及本公司於結算日有關借貸利率的情況。

37. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Cont'd)

(b) Interest rate risk (Cont'd)

At 31 December 2007, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK\$1,658,000 (2006 : HK\$374,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence for the whole year. The 100 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the next annual balance sheet date. The same basis of analysis also performed at 31 December 2006.

(c) Credit risk

The Group's credit risk is primarily attributable to accounts and other receivables and bank deposits. The Group's exposures to these credit risks are monitored on an ongoing basis.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of accounts and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered minimal, since the counterparties are reputable banks with high quality of external credit ratings.

In respect of financial guarantee contracts, the fair value of which carried in the balance sheet of the Company is HK\$7,179,000 (2006: HK\$8,500,000), the Company is exposed to credit risk for maximum amount of HK\$120,811,000 (2006: HK\$110,280,000).

37. 財務風險管理的政策及目標(續)

(b) 利率風險(續)

於二零零七年十二月三十一日，假設其他變量保持不變，估計整體利率上升/下跌100個基點會減少/增加本集團除稅後盈利及保留盈利約1,658,000港元(二零零六年：374,000港元)。

上述敏感度分析乃假設利率變動已於結算日發生，且計入全年存在的金融工具利率風險而釐定。增加或減少100個基點為管理層對下一年度結算日之前期間利率的合理可能變動的估計。有關分析亦應用於二零零六年十二月三十一日之數據。

(c) 信貸風險

本集團的信貸風險主要來自應收賬款及其他應收款項以及銀行存款。本集團持續監控其所承受的信貸風險。

本集團不斷監控個別或同類客戶及其他交易方的拖欠情況，並於信貸風險控制中考慮這些資料。倘成本合理，本集團會獲取及利用有關客戶及其他交易方的外部報告。

本集團的金融資產概無以附屬抵押品或其他信貸升級形式作為抵押。

關於應收賬款及其他應收款項，本集團並無任何重大信貸風險集中於任何個別交易方或任何性質相似的交易方。由於本集團的交易方均為信譽良好及外部信貸評級高的銀行，因此有關流動資金的信貸風險可視作十分輕微。

關於財務擔保合約，本公司資產負債表之公允價值為7,179,000港元(二零零六年：8,500,000港元)，本公司面對的信貸風險之最高金額為120,811,000港元(二零零六年：110,280,000港元)。

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

For the year ended 31 December 2007
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37. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Cont'd)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's and the Company's financial liabilities as at balance sheet date, based on the contracted undiscounted payments, is as follow:

	Group 本集團							Company 本公司						
	Total contractual		On demand	6 to		1 to 5 years	Carrying amount	Total contractual		On demand	6 to		1 to 5 years	Not determinable
Carrying amount	undiscounted cash flow	Less than 6 months		less than 12 months	Carrying amount			undiscounted cash flow	Less than 6 months		less than 12 months			
	合約未折現	合約未折現	按要求	少於六個月	少於十二個月	一年至五年	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	不可終止	
	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	不可終止	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Year 2007	2007年													
Accounts payable	應付賬款	31,081	31,081	31,081	-	-	-	-	-	-	-	-	-	
Deposits received and other payables	已收按金及其他應付款項	21,747	21,747	21,747	-	-	31	31	31	-	-	-	-	
Borrowings	借貸	299,274	339,799	14,811	99,643	8,463	216,882	-	-	-	-	-	-	
Convertible notes	可換股票據	71,482	92,969	-	1,875	1,875	89,219	71,482	92,969	-	1,875	1,875	89,219	
Financial guarantee contracts	財務擔保合約	-	-	-	-	-	-	7,179	7,179	-	-	-	-	7,179
		423,584	485,596	67,639	101,518	10,338	306,101	78,692	100,179	31	1,875	1,875	89,219	7,179

	Group 本集團							Company 本公司						
	Total contractual		On demand	6 to		1 to 5 years	Carrying amount	Total contractual		On demand	6 to		1 to 5 years	Not determinable
Carrying amount	undiscounted cash flow	Less than 6 months		less than 12 months	Carrying amount			undiscounted cash flow	Less than 6 months		less than 12 months			
	合約未折現	合約未折現	按要求	少於六個月	少於十二個月	一年至五年	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	不可終止	
	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	賬面值	現金流量總額	按要求	少於六個月	少於十二個月	一年至五年	不可終止	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Year 2006	2006年													
Accounts payable	應付賬款	15,960	15,960	15,960	-	-	-	-	-	-	-	-	-	
Deposits received and other payables	已收按金及其他應付款項	19,559	19,559	19,559	-	-	-	32	32	32	-	-	-	
Borrowings	借貸	45,327	48,027	15,327	10,900	600	21,200	-	-	-	-	-	-	
Financial guarantee contracts	財務擔保合約	-	-	-	-	-	-	8,500	8,500	-	-	-	-	8,500
		80,846	83,546	50,846	10,900	600	21,200	8,532	8,532	32	-	-	-	8,500

Notes to the Financial Statements (Cont'd)

財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Cont'd)

(e) Fair value

The fair values of convertible notes are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

Some of the Group's financial instruments are measured at fair values. Fair value estimates are made at a specific point in time and are based on relevant market information. These estimates are subjective by nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet dates may be categorised as follows. See notes 3(l) and 3(q) for explanations about how the classification of financial instruments affects their subsequent measurement.

37. 財務風險管理的政策及目標(續)

(e) 公允價值

可換股票據的公允價值乃根據公認定價模式，按照使用當前可觀察市場交易價格或利率的折現現金流量分析而釐定。

本集團其他金融工具的公允價值與其賬面值無重大差別。公允價值是於特定時間根據有關市場資料作出估計。該等估計屬主觀性質，涉及不明朗因素及須作重大判斷的事項，因此並不能準確釐定。假設條件的改變可能對估計有重大影響。

(f) 按類別列示金融資產及負債概要

於結算日確認的本集團金融資產及負債賬面值可劃分如下。有關金融工具分類如何影響其後計量，請參閱附註3(l)及3(q)的說明。

		Group 本集團		Company 本公司	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Financial assets	金融資產				
Loans and receivables:	貸款及應收賬款：				
Accounts receivable	應收賬款	514	–	–	–
Deposits paid and other receivables	已付按金及其他 應收款項	193,841	4,818	–	–
Cash and bank balances	現金及銀行結餘	237,131	155,248	15,880	22,013
		431,486	160,066	15,880	22,013
Financial liabilities	金融負債				
Financial liabilities measured at amortised cost:	按經攤銷成本計量的 金融負債：				
Accounts payable	應付賬款	31,081	15,960	–	–
Deposits received and other payables	已收按金及其他 應付款項	21,747	19,559	31	32
Borrowings	借貸	299,274	45,327	–	–
Convertible notes	可換股票據	71,482	–	71,482	–
		423,584	80,846	71,513	32

Group Financial Summary

集團財務概要

Consolidated Income Statement

綜合收益表

		For the year ended 31 December 截至十二月三十一日止年度				
		2007	2006	2005	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
			(restated)			
			(經重列)			
Revenue	收入	184,560	207,957	149,089	197,710	68,121
Profit from operations	經營盈利	53,285	107,076	80,199	49,270	21,968
Finance costs	融資成本	(12,975)	(5,180)	(3,219)	—	(2,565)
Share of results of associates	應佔聯營公司業績	21,417	19,147	8,018	—	—
Profit before taxation	除稅前盈利	61,727	121,043	84,998	49,270	19,403
Taxation	稅項	(16,162)	(43,893)	(26,086)	(16,195)	(46)
Profit for the year	年度盈利	45,565	77,150	58,912	33,075	19,357
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	36,115	73,316	55,934	31,389	18,470

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於十二月三十一日				
		2007	2006	2005	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
			(restated)			
			(經重列)			
Non-current assets	非流動資產	479,742	332,607	248,987	90,726	100,657
Current assets	流動資產	849,901	269,515	243,248	115,896	162,578
Current liabilities	流動負債	(194,848)	(86,180)	(122,038)	(115,472)	(204,859)
Non-current liabilities	非流動負債	(287,612)	(46,782)	(30,012)	(89,251)	(89,251)
Net assets/(liabilities)	淨資產/(負債)	847,183	469,160	340,185	1,899	(30,875)

List of Principal Properties

主要物業

1. Investment Properties

投資物業

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m.)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
The shopping arcade, Phase I, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號 錦華苑第一期購物商場	86%	9,500	Commercial 商業	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日， 為期七十年
All shops on Level 1 at Zone A, Phase 5, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號 錦華苑第五期一樓A區所有商舖	86%	1,523	Commercial 商業	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日， 為期七十年
Shops on Levels 1, 2, 3, Block 11 and the basement, Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區濱河路1333號 錦麗苑第11座一樓、二樓、三樓 多間商舖及地庫	86%	4,440.12 (plus basement of approximately 438.22 sq.m.) 4,440.12 (另加地庫約438.22平方米)	Commercial 商業	70 years from 16 January 1995 to 15 January 2065 由一九九五年一月十六日至二零六五年一月十五日， 為期七十年
Flats 1A and 1B on Level 1 of Jin Xiu Tower and Flat 1B on Level 1 of Jin Hua Tower, Phase 1, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號 錦華苑第一期、錦綉樓一樓1A及1B室及 錦華樓一樓1B室	86%	330	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日， 為期七十年

List of Principal Properties

主要物業

1. Investment Properties (Cont'd)

投資物業(續)

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m.)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
Flat 1A on Level 1 of Jin Sing Tower and Flat 1A on Level 1 of Jin Guo Tower, Phase 2, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第二期錦興樓一樓1A室及錦國樓一樓1A室	86%	256	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年
Whole Level 2 to Level 12 and Level 15 to Level 20 (68 residential flats) of Jin Sing Tower, Phase 2, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第二期錦興樓二樓至十二樓、十五至二十樓(全層) 68個住宅單位	86%	11,118	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年
Flat 6A on level 6, Flat 11A on Level 11, Flats 12A and 12C on Level 12, Flat 16A on Level 16, Flat 17A on Level 17, Flat 18A on Level 18 and Flat 19A on Level 19 of Jin Guo Tower, Phase 2, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第二期錦國樓六樓6A室、十一樓11A室、十二樓12A及12C室、十六樓16A室、十七樓17A室、十八樓18A及十九樓19A室	86%	1,347	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年

List of Principal Properties

主要物業

1. Investment Properties (Cont'd)

投資物業(續)

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m.)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
Flats 1B, 1D, 1E and 1F on Level 1 and Flats 2A and 2B on Level 2 of Jin An Tower, Flats 1B, 1D, 1E and 1F on Level 1, Flats 2A and 2B on Level 2 and Flat 4A on Level 4 of Jin Bon Tower, Phase 3, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第三期錦安樓一樓1B、1D、1E及1F室、二樓2A及2B室，錦邦樓一樓1B、1D、1E及1F室、二樓2A及2B室及四樓4A室	86%	2,120.27	Residential 住宅	70 years to expire on 18 October 2061 二零六一年十月十八日期滿，為期七十年
Flats 17B and 17D on Level 17 and Flats 19A, 19B, 19C, 19D on Level 19 of Jin Bon Tower, Phase 3, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第三期錦邦樓十七樓17B及17D室、十九樓19A、19B、19C及19D室	86%	1,078.38	Residential 住宅	70 years to expire on 18 October 2061 二零六一年十月十八日期滿，為期七十年
Villa J101 and Flat 1A on Level 1 of Jin Hua Tower, Phase 1, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第一期錦華樓一樓1A室及J101別墅	86%	269	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年

List of Principal Properties

主要物業

1. Investment Properties (Cont'd)

投資物業(續)

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m.)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
Beijing Landmark Towers, 8 East 3rd Ring North Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區東三環北路8號 北京亮馬河大廈	30.05%*	15,504	Hotel 酒店	The land use right of the property have been vested to Beijing Landmark Towers Co., Ltd. by allocation for a term from 30 January 1986 to 7 October 2020 該物業的土地使用權已按劃撥方式授予北京亮馬河大廈有限公司，年期由一九八六年一月三十日起至二零二零年十月七日屆滿
		50,768	Office 辦公室	
		22,663	Shops 商舖	
		15,504	Service Apartments 服務式公寓	
		25,705	Basements 地庫	

* Group under "Interest in associates" in note 16 to the financial statement

* 載入財務報表附註16「聯營公司的權益」一節。

List of Principal Properties

主要物業

2. Properties held under development 發展中物業

Properties 物業	Interest attributable to the Group 集團所佔權益	Approximately Total Site Area (sq.m.) 總地盤面積約 (平方米)	Approximately Total Gross Floor Area (sq.m.) 總建築面積約 (平方米)	Type 類別	Estimated Date of Completion 估計竣工日期	Progress 進展狀況
Wuzhong Garden Court situated at south side of Nanxijiang Road and east side of Mingxi Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC 錦悅苑 位於中國江蘇省蘇州市 吳中區南溪江路南側及 明溪路東側	54%	41,579	61,484	Residential/ Commercial 住宅／商業	Phase I November 2007 Phase II October 2008 第一期 二零零七年十一月 第二期 二零零八年十月	Completed Under construction 已竣工 建築中
Taihu Garden Court to be situated at Ling Tang Road North, West of Mu Guang Canal, Guangfu Town, Wuzhong District, Suzhou, Jiangsu Province, the PRC 錦澤苑(暫名) 將位於中國江蘇省蘇州市 吳中區光福鎮 凌塘路北側、 木光運河西側	55%	131,445	92,037	Residential 住宅	Phase I End of 2008 Phase II 2009 第一期 二零零八年底 第二期 二零零九年	Planning in progress Planning in progress 籌劃中 籌劃中
Office tower and retail arcade to be situated at Ta Yun Road West, Yue Lai Xi East, Wuzhong Development Area, Suzhou, Jiangsu Province, the PRC 辦公室大樓及零售商場 將位於中國江蘇省蘇州市 吳中區開發區塔韻路西側、 越來溪東側	100%	14,592	58,368	Commercial/ Office 商業／ 辦公室	2010 二零一零年	Planning in progress 籌劃中



新澤控股有限公司
New Heritage Holdings Ltd.

(於開曼群島註冊成立之有限公司)

(Incorporated in the Cayman Islands with limited liability)

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